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Canada. Royal commission on publications.

Hearings. v. 22-23, 1961.

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ROYAL COMMISSION ON

Publications

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HEARINGS

HELD AT

TORONTO

VOLUME No.:

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3 ROYAL COMMISSION ON PUBLICATIONS
4

5 Proceedings of hearings held in
6 Simcoe Hall, University of Toronto,
7 in the City of Toronto, Ontario,
8 on the 15th day of December, 1960,
9 et seq. at 10:30 a.m.
10

11 COMMISSION:

12 M. GRATTAN O'LEARY Chairman
13 J. GEORGE JOHNSTON Member
14 CLAUDE P. BEAUBIEN Member
15

16
17 -----
18 P. MICHAEL PITFIELD Secretary
19 G. H. QUINN Administrative
20 Officer
21
22 -----
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ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

I N D E X

Vol. 22

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---On commencing at 10:30 a.m.

SUBMISSION OF
CANADIAN ETHNIC PRESS CLUB, ONTARIO

APPEARANCES:

MR. JULIUS BAIER, President

MR. BRUNO TENHUNEN, Past-President

MR. TENHUNEN: Mr. Chairman, I am past President of the Canadian Ethnic Press Club, and Vice-President of the Federation.

The Canadian Ethnic Press Club is a member of the Canada Ethnic Press Federation, which has at the present time, its headquarters in Winnipeg, Manitoba, and its President, Judge W. J. Lindal.

The immediate Past President of the Club, Mr. Bruno Tenhunen is the First Vice-President of the Canada Ethnic Press Federation.

The Canadian Ethnic Press Club of Ontario, with its headquarters in Toronto, represents the largest ethnic area in Canada, with 28 member publications who, for some years to come will play a distinctive part in Canada's life and culture.

The distribution of the ethnic publications in Ontario is well over 200,000 copies, but the readership is approximately four times this number, as they are read by every member of the family and in many cases, by others in the household as well, and even sent to their homelands.



1
2 These loyal publications give their readers
3 constructive information, ~~and the~~ Canada Ethnic Press
4 Federation, the Canada Ethnic Press Club of Winnipeg,
5 and our own Canadian Ethnic Press Club of Ontario,
6 within their publications, are providing one of the
7 strongest and most effective weapons to preserve
8 freedom, and counteract any foreign ideologies.

9 We understand it is Canada's endeavour to
10 build up its export business, yet in bringing in
11 American publications and periodicals it is building
12 up imports, and some of our members engaged in
13 publishing books, find themselves effected by the
14 import of American books and periodicals with large
15 coverage.

16 We feel that the points raised in the Brief
17 presented by the Canada Ethnic Press Federation cannot
18 be too highly stressed, particularly Item IV, "Undermining
19 Facts" 25 -

20 "Although details of specific problems should
21 be left to the clubs and publishers, the
22 Federation feels that the Commission should,
23 in its report, refer to the following facts
24 which are undermining the whole ethnic press
25 industry and threatening the continuation of
26 present publications:

27 A - Increased costs of production.

28 B - Decrease in advertising revenue due to mass
29 coverage media.
30



C - Loss in advertising revenue due to local restrictions.

D - Loss in advertising revenue due to unfair competition by American and other foreign media with a wide coverage in Canada."

The problems of influx of American publications which confront the industry as a whole is the same problem with regard to those who publish books and periodicals through the ethnic groups in their mother tongue.

We feel that this Royal Commission in looking into the subject of the Canadian periodical publishing industry, should definitely not overlook the protection and interest of the ethnic publishers.

Submitted on behalf of the Canadian Ethnic Press Club.

THE CHAIRMAN: Thank you. One of the representations made to us in Winnipeg by the Ethnic Press was that mats are coming in from the East German Republic, into Canada, and being used by a certain newspaper out there: does that affect you in Toronto as well? It is coming in duty free, apparently.

MR. BAIER: That may be the fact in Western Canada. So far as Ontario is concerned, we have not noticed any mats from the eastern part of Germany yet, but I have information which I believe is true that in Winnipeg especially, and in Vancouver, it does happen.

THE CHAIRMAN: You say you have 28 member publications in Ontario: are these weeklies or monthlies



1
2 or dailies?

3 MR. BAIER: Mostly weeklies, but we have
4 semi-weeklies and a few monthlies. About 16 or 17
5 are weeklies.

6 THE CHAIRMAN: Are these mostly published in
7 Toronto?

8 MR. BAIER: Mostly in Toronto, but also one
9 in St. Catharines, and Markham and Hamilton -- that is
10 the Dutch paper.

11 THE CHAIRMAN: How many languages are they
12 published in? Are they in English?

13 MR. TENHUNEN: They are all in various ethnic
14 languages.

15 THE CHAIRMAN: How many would there be?

16 MR. TENHUNEN: I can't quote offhand, but over
17 a dozen at least.

18 THE CHAIRMAN: How do you finance them?

19 MR. BAIER: By subscriptions and by selling
20 them on the newsstands. In Toronto the majority are
21 sold on the newsstands, Papers are sold at 220 up to
22 250 on the newsstands in Toronto.

23 MR. TENHUNEN: I would add to that, sir, that
24 there are quite a few papers which are nationally
25 circulated and therefore their bulk subscriptions --
26 they would be trade subscriptions and not sold on the
27 newsstands. There are quite a number of papers with
28 a majority of circulation subscriptions.

29 THE CHAIRMAN: You say you would have well
30 over 200,000 copies in Ontario alone?



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MR. BAIER: Yes, sir.

THE CHAIRMAN: 200,000?

MR. BAIER: It is over 200,000.

COMMISSIONER JOHNSTON: That is weekly?

MR. BAIER: Weekly.

THE CHAIRMAN: What is your trouble? What is your competition, for example -- fair or unfair?

MR. BAIER: The greatest competition is possibly we are not recognized by the public as an existing newspaper with a clear and true Canadian attitude. The large media such as other newspapers and television and radio, which is all in the English language -- and we are just a little existing group and we are not considered and recognized in the way we believe we deserve and in the way of what is coming to us.

THE CHAIRMAN: In the way of advertising?

MR. BAIER: In the way of advertising.

THE CHAIRMAN: Do you get any government advertising?

MR. BAIER: Yes.

MR. TENHUNEN: I would say insofar as recognition of the Ethnic Press is concerned, the governments of the day were the first to acknowledge the importance of the Ethnic Press in Canada. Up to several years ago the general attitude was an attitude of apathy and of ignoring the Ethnic Press, but since the end of the war, with the influx of immigration to such a large extent, it brought the ethnic sector of the



1
2 population into special focus, and politically I would
3 say that the various parties found that the ethnic
4 groups insofar as they became Canadian citizens were
5 a factor to be contended with, and therefore the
6 attitude of the various governments -- I am not mention-
7 ing any parties as of such -- changed quite radically
8 in regard to the Ethnic Press. But I would say also,
9 apart from the political view of the matter, the
10 general understanding of the Canadian public has changed
11 quite a lot during the last thirty years.

12 THE CHAIRMAN: Changed for the better?

13 MR. TENHUNEN: Changed for the better, abso-
14 lutely.

15 THE CHAIRMAN: Do the ethnic groups have
16 their own schools in this province?

17 MR. BAIER: On a private basis.

18 THE CHAIRMAN: Yes, I mean that?

19 MR. BAIER: Yes, some ethnic organizations,
20 like the German, Ukranian and Polish, have Saturday
21 afternoon schools for language in their mother tongue.

22 MR. TENHUNEN: The churches also have their
23 Sunday Schools.

24 THE CHAIRMAN: But the children in the main
25 go to the public schools or the separate schools?

26 MR. BAIER: All of them -- no exceptions.
27 They go either to public school or separate school.

28 THE CHAIRMAN: In how many languages would you
29 publish your ethnic newspapers -- German, Polish, Ukranian?

30 MR. BAIER: German, Polish, Ukranian,



1
2 Lithuanian, Estonian, Finnish, Italian, Serbian, Danish,
3 Greek -- maybe a dozen main groups -- also Russian.

4 THE CHAIRMAN: Some Russian?

5 MR. BAIER: White Russians; also Slovenian --
6 there are many in the Slovak languages which are
7 close but exactly the same.

8 THE CHAIRMAN: These are all democratic
9 papers? They support the democratic system?

10 MR. TENHUNEN: All those that belong to our club
11 are fairly well screened. We have no knowledge of an
12 anti-social attitude towards Canada.

13 THE CHAIRMAN: What is your disability, then?
14 What is your main trouble? What could be done to help
15 you? You speak of public recognition: what form would
16 that take, in a concrete way?

17 MR. TENHUNEN: It is very difficult to place
18 a finger on any definite fact, but in regard to adver-
19 tising, for instance, the truth was until fairly lately
20 that due to the circulation of the Ethnic Press being
21 divided amongst so many small papers they were more
22 or less not counted in regard to the advertising of
23 any national products, and so on. With the exception
24 of some of the main groups, they did not receive any
25 national advertising at all. The only remedy we were
26 able to see in order to change that picture was to have
27 the papers united, and through a combined circulation,
28 through the medium of a combined circulation, we could
29 approach the national advertisers. That made it necessary
30 to approach what you could call middle men, and our



1
2 club about ten years ago made an arrangement with one
3 advertising agency which deals exclusively with the
4 Ethnic Press and through this agency they were able to
5 approach the national advertising agencies in turn.
6 That was the only way we were able to enter the field
7 of national advertising.

8 THE CHAIRMAN: Have you your own printing
9 presses?

10 MR. TENHUNEN: Most of them have, yes, but
11 there are some who do publish in other presses. The
12 press I represent -- the Finnish language press --
13 has been published for -- it will be thirty years
14 next year. We have owned our own printing plant since
15 1934; so, that is over twenty-five years.

16 THE CHAIRMAN: Do you subscribe to any of the
17 news agencies like Canadian Press or United Press?

18 MR. TENHUNEN: There may be some of the larger
19 papers which do, but I doubt if there are very many.

20 THE CHAIRMAN: How do you get your news from
21 your former countries?

22 MR. TENHUNEN: We get the news through the
23 daily papers mostly -- the larger papers of the home
24 countries; that is, in regard to home country news.
25 Usually a newspaper here will have an airmail subscrip-
26 tion with one of the papers, and therefore through that
27 medium we will be able to get fairly quickly news from
28 the old country. But, the older papers -- their
29 percentage of news they use from the old country is
30 only a fraction of the material they publish. They are



1
2 truly Canadian papers and they follow the Canadian
3 news and all the happenings of Canada both on the social
4 level and the political level, and they try to follow
5 as much as possible, according to the space that permits.

6 MR. BAIER: I may point out there are a
7 few papers who have press service from the old country
8 which comes every day or three times a week. We pay
9 a heavy price for it, but I think it is the only way
10 to receive it and the speediest way too: for instance,
11 the Italian and German papers are not behind the Iron
12 Curtain or influenced by it and therefore are easier
13 to reach. There are others on mat service -- maybe an
14 actual picture which has to come by airmail. In Canada
15 we receive a lot of news about Canada by the government,
16 by the Canadian scene, which is a very respected
17 information office. We are very happy about that.

18 THE CHAIRMAN: Do you receive the bulletins
19 from the Soviet Embassy in Ottawa?

20 MR. TENHUNEN: We receive all their material,
21 but they usually go into the dust bag.

22 MR. BAIER: They have stopped sending it to
23 me.

24 COMMISSIONER JOHNSTON: About your obtaining
25 advertising, the life blood of any paper, I suppose:
26 you have a man who you call an agent. Wouldn't he
27 be more generally known as a publisher's representative --
28 that is, he goes to the advertising agencies and seeks
29 advertising?

30 MR. TENHUNEN: That is quite true, but he



1
2 justifies his existence by taking care of all these
3 individual small accounts in the various papers, arrang-
4 ing for the translation of the advertising into each
5 different language, which the national advertising
6 agents have never bothered very much to go into. Mr.
7 Baier says that in this respect these agents are not
8 in any way connected with our press club.

9 COMMISSIONER JOHNSTON: No. Do you find
10 a resistance on the part of the advertising agencies
11 to advertise in your newspapers?

12 MR. BAIER: To a certain amount, yes. There
13 are a few who are gladly recognizing the value of our
14 advertising and co-operate and work with our paper or
15 with our representatives. But often we are just over-
16 looked by them -- "it is only a small group." But,
17 especially the bigger groups like the Italian and
18 German and Polish and Ukranian, they have more considera-
19 tion. But, as a German myself, I would say the advertis-
20 ing value is everywhere in several little papers, because
21 you have many papers where the people find it harder
22 to learn English and they stick to their own mother
23 language to the very end, especially in reading. They
24 may speak English, but can't read it. Many of the smaller
25 groups are often ignored and not receiving any advertis-
26 ing, and I believe, especially to these groups, the
27 existence of this paper is very important. Often these
28 people are more open to conversations, and it is only
29 the printed word which can bring him right to the stand-
30 point of being a true and dependable Canadian citizen,



1
2 and therefore the importance of the small paper cannot
3 be stressed enough.

4 COMMISSIONER JOHNSTON: When you have persuaded
5 an advertising agency to give you an ad, you still
6 have to translate it in all probability?

7 MR. TENHUNEN: Well, our advertising agent
8 takes care of that in most cases; not in all cases,
9 but in many cases he makes arrangements for the transla-
10 tion.

11 COMMISSIONER JOHNSTON: You pay the regular
12 advertising agency fifteen per cent?

13 MR. TENHUNEN: Commission, that is right.

14 COMMISSIONER JOHNSTON: And two per cent for
15 the cash discount in addition? You pay Cockfield, Brown
16 and Company, as an example, fifteen per cent plus two
17 per cent; is that correct?

18 MR. BAIER: That is right.

19 COMMISSIONER JOHNSTON: What do they do for
20 you for that fifteen plus two?

21 MR. BAIER: We suppose they will approach
22 private industry and get advertising to place in the
23 paper.

24 COMMISSIONER JOHNSTON: Are they enthusiastic
25 in their willingness? Do they display a willingness to
26 go ahead, or do you have difficulty selling?

27 MR. TENHUNEN: Most papers would not be in
28 direct contact with the national advertising agencies.
29 They would be only in contact through the medium of
30 their advertising agent.



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2 COMMISSIONER JOHNSTON: Do you ever go direct
3 to the manufacturer, the distributor of nationally
4 advertised goods? Do you ever go direct to them?

5 MR. TENHUNEN: Yes; efforts were made prior
6 to the present arrangements that have been organized
7 to approach the national advertising agencies, but
8 I don't think the results have been very good.

9 THE CHAIRMAN: Does your government advertising
10 come through an agency?

11 MR. TENHUNEN: It does.

12 COMMISSIONER JOHNSTON: Thank you.

13 MR. BAIER: May I say one more thing: this
14 alcoholic beverage advertising is a great handicap --
15 and I don't think the Federal Government has too much
16 influence there because it is a provincial matter, but
17 there is no doubt the American magazines are coming in
18 from the United States carrying the alcoholic beverages
19 produced and manufactured in Canada in big advertising.
20 This we see really as a great threat to our existence,
21 that we cannot have at least a certain percentage --
22 maybe even a small percentage -- where the greatest
23 amount of money is going to the American media with
24 full pages in high paid magazines, when we as a true
25 Canadian organization can just look at these wonderful
26 ads in the American papers, and that is all we see. If
27 there would be some policy by the government on this
28 matter it would be a wonderful thing.
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2 MR. TENHUNEN: On this problem of
3 advertising revenue I would like to add that all
4 the ethnic papers are not dependant on national
5 advertising. They have existed mainly from their
6 subscription revenue and through the advertising
7 that they have received through their national
8 groups. Many of these papers are institutional
9 papers which are supported by their institutions
10 and so forth; those that are not on a purely private
11 business basis. Again, some papers who have existed
12 for a long time have developed other sources of
13 revenue to keep the papers going; other businesses
14 have maintained the papers. Even if the newspaper,
15 as such, may for one year present a loss in its
16 operation they may have a bookstore or some papers
17 may have a travel agency and so forth. Other papers,
18 again, may be in the publishing business, they
19 may publish both the newspaper and do job work which
20 aids in maintaining them financially. This problem
21 of national advertising is not a uniform problem
22 existing right through the whole ethnic press.

23 THE CHAIRMAN: Are these political papers?
24 Do they support political papers in Canada?

25 MR. TENHUNEN: Most of them are on a
26 non political basis. They take an impartial view
27 towards the various parties except, I would say,
28 towards communism. However, in regard to the other
29 political parties they take an impartial attitude.
30



1
2 Some of them may ~~favor~~ the one party or another
3 in regard to their editorials and especially in
4 regard to the attitude towards certain social
5 problems. The attitude of the various political
6 parties towards the social problems and so forth.
7 The attitude of the paper may be what the attitude
8 of the party is whether the paper favours that
9 attitude or not of the certain party.

10 THE CHAIRMAN: But they do make a choice?

11 MR. TENHUNEN: They do make a choice.

12 MR. BAIER: It may be of interest for me
13 to say that the three main Canadian political parties,
14 Conservative, Liberal and C.C.F., their whole history,
15 what they are going to do, their goals and so forth
16 is explained to the newcomers so they have the
17 opportunity to form their own judgment. Most of
18 these people admire the Canadian standpoint and
19 I think these are examples of really true Canadian
20 papers.

21 THE CHAIRMAN: Thank you very much for a
22 very interesting presentation.

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SUBMISSION ON BEHALF OF THE PERIODICAL DISTRIBUTORS
ASSOCIATION OF CANADA.

APPEARANCE:

MR. E. COLEBOURNE, President.

These submissions are made on behalf of those persons and companies who are responsible for the distribution of periodical literature to retailers in Canada.

None of these are subsidiaries of national distributors or publishers. A distributor carries on business in a city or area. In any area, normally, of later years, there has been only one, or at the most, two or three wholesale distributors of periodicals. The reason for this (as will be shown in greater detail later) is, that the margin or profit, or the opportunity for profit, is very small.

The wholesale distributor has contractual relations with and buys from, about twenty-six publishers and, from national distributors.

Contents of Brief

This brief is confined to the following subjects;

- (a) The rights of the retailer to return literature.
- (b) Present subsidies and indulgences granted to publishers by the Government of Canada and the inequity which results therefrom.



Rights of Retailer to Return
Literature

The matters in the heading immediately above, appear to be of great public interest. We seek to make the following abundantly clear:

(a) No retailer is obliged to display or sell any publication unless he desires to do so. He displays and sells what he wishes and nothing more. That which he does not wish to display and sell, he may return at no cost to himself. That which he does not sell, he may return at no cost to himself.

(b) Thus, it follows, that every retailer may reject at no cost to himself any piece of literature which for any reason he does not wish to exhibit or sell.

Subsidies and Indulgences
Enjoyed by Publishers

For all practical purposes, there are two methods of distributing periodical literature, namely, by retail and by mail subscriptions.

Sales by retail involves the wholesale distributor buying from the publisher or national distributor and in turn, selling to and servicing the retailer. Of the members of our Association, the following figures obtain for 54 agencies across Canada:

Personnel	1,300
Vehicles	428
Office Machines	557
Space used	359,234 sq.ft.



Dealers supplied. 17,783

Gross sales (this
includes the next
following figure) . . \$36,596,307.00 per annum

Gross sales -Canadian
magazines \$4,976.837.00

It has been said and it is acknowledged
by virtually all publishers, that the true measure of
the worth of any magazine or periodical is shown by
single copy sales at retail. A single copy of a
magazine is purchased at the full retail price by a
reader who desires to read the particular issue
purchased or whose interest in the magazine is such that
he will read consistently, most of its material.

On the other hand,^a subscriber to a
magazine who purchases his subscription at a bargain
rate, may not find time to read all the issues received,
or he may not have sufficient interest to do so. Accord-
ing to a recent report, advertisers rate different
types of subscription procurement as to their worth as
follows:

Mail at full price without premiums. . . . 1

Agency salesmen without premium
of sponsorship.2

Mail at full price with premiums.3

Catalogue agencies or independant
agents.4

Mail at cut rates.5

Sponsored by schools, churches,
fraternal and similar organizations. . . 6

Agency salesmen with premiums. 7

The costs and profits of wholesale



1 distributors vary according to volume of sales.
2 There has been a recent study (1959) of costs and
3 profits of Canadian and American wholesale distributors.
4 Our best estimate of the profit of an efficient
5 wholesale distributor is as follows:

6 (a) A wholesale distributor with gross sales
7 of \$500,000 per year makes a net profit, before
8 taxation, per dollar of sales, of 2.3 cents.

9 Such a wholesale distributor has a warehouse,
10 office, approximately eight trucks and twenty-one
11 employees. He is obliged to maintain a complete
12 office organization; to receive publications from twenty-
13 six different sources; to service approximately one
14 hundred and sixty retailers; to bill and collect from
15 these retailers; to attend upon retailers and receive
16 returns and rejects; to return to the publishers proof
17 of returns. His wage scale can only be described as av-
18 erage, due to the very small margin of gross profits
19 and the surrounding circumstances, the notable of
20 which is the unfair competition to which reference
21 will be made hereunder.

22 (b) A wholesale distributor with gross sales in
23 excess of \$1,000,000.00 per year makes a net profit,
24 before taxation, per dollar of sales, of 1.8 cents.
25 Such a distributor has a proportionately larger
26 undertaking. Once again, his wage scale can only be
27 described as average due to the very small margin of
28 gross profits and the surrounding circumstances, the
29 notable of which is the unfair competition to which
30 reference will be made hereunder.

In Canada, seventeen distributors have gross
sales under \$250,000.00; sixteen have sales from



\$250,000.00 to \$500,000.00; six have sales from
\$500,000.00 to \$750,000.00; five have sales from
\$750,000.00 to \$1,000,000.00; ten have sales in

excess of \$1,000,000.00. A total of 54 distributors.

Postal Rates

We propose to put before your Commission
the official publication of the Post Office Department
of the Dominion of Canada dealing with postal rates.
Stripped of complication, they are as follows:

(a) For local delivery in the place of
mailing, the dispatcher of 'printed matter' is charged
2 cents for the first 4 ounces, plus 1 cent for each
additional 4 ounces.

(b) 'Printed matter' for mailing outside
the city is 8 cents per pound plus 2 cents for each
additional 4 ounces or portion thereof.

Example:

Life Magazine, a weekly publication,
normally weighs about 18 ounces. At normal rates,
for printed matter, a dispatcher of Life Magazine
in Toronto for delivery in Toronto, would pay 5 cents
and a similar dispatch for outside Toronto would
cost 10 cents.

We cannot say as to how realistic this
rate is from the standpoint of the Post Office,
but presume that it is fairly realistic.

Stripped of complicated detail, it can
be stated, that an approved publisher can dispatch
by postal service in Canada from any one part of
Canada to any other part of Canada (save to elsewhere



1 in the city or place of origin) a magazine at a special
2 rate given to the publishers of \$3.00 per hundred pounds.
3 This means that the publishers of Life Magazine can
4 deposit at the Post Office at Toronto, one hundred
5 pounds of individual Life Magazines, weighing about 18
6 ounces each and, for \$3.00, have their ninety odd
7 magazines delivered to ninety odd addressees at ninety
8 odd different places in Canada.

9 Viewed in another light, the Post Office
10 receives less than 3.4 cents for delivering 18 ounces
11 of Life Magazine, whereas a postman could deliver about
12 sixty-four first class letters at 5 cents per letter.
13 (for the same weight) but bringing to the Post Office,
14 \$3.20 in revenue. If a postman carried one dozen Life
15 Magazines weighing 13 pounds, 8 ounces, the Post
16 Office receives 39.6 cents. If the same carrier
17 carried the same weight of first class letters, the
18 Post Office would receive \$38.40.

19 The most efficient and least costly
20 sale which the publishers of Life Magazine can make,
21 is to the wholesale distributor.

22 Example: (An actual case)

23 X News Company, Limited, of blank, buys
24 about about 7,400 issues of Life Magazine per week. This
25 is one shipment of over three and one-half ($3\frac{1}{2}$)
26 tons. X pays the publishers of Life Magazine 11 cents
27 per copy; then sells and delivers and services the
28 retailer at 14 cents per copy, who in turn sells at
29 retail for 19 cents per copy.

30 At the same time, the publishers of



1
2 Life Magazine in various forms, by subscription, sell
3 to individual subscribers, Life Magazine at $9\frac{1}{2}$ cents
4 per copy, or $1\frac{1}{2}$ cents per copy less than that paid
5 by X, which takes delivery of over three and one-half
6 tons ($3\frac{1}{2}$) in one transaction. In other words, the
7 publishers of Life Magazine can deliver to a single
8 addressee at his home, at a street address in
9 Chilliwack, British Columbia, or any other place in
10 Canada, a magazine for a per copy price $1\frac{1}{2}$ cents less
11 than that which the wholesaler pays.

12 How is it that the publishers of Life
13 Magazine and other publishers can do this? Only and
14 precisely, because instead of paying the second sound
15 rate of 10 cents per copy to the Post Office, they pay
16 less than 3.4 cents per copy, a differential of 6.6
17 cents per copy.

18 We who put these submissions before this
19 Royal Commission, cannot object to fair competition.
20 We do object to unfair competition and to substantial
21 subsidization from public funds of unfair competition.
22 Each person who places a 5 cent or a 4 cent stamp upon
23 a letter, or who pays normal, realistic rates for
24 postal carriage and delivery, is being taxed so that
25 a special group can have a special blessing and
26 indulgence which is it using to create unfair
27 competition.
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1
2 Gentlemen, that is the end of the brief. I
3 would like to put before you as Exhibit No. 1 the Canada
4 Official Postal Guide, and as No. 2 a typical offer to
5 the public by Life which appears in various forms, but
6 notably as an insert to copies to be sold by the retailer.
7 No. 3, a publication of the Star Weekly which shows
8 conveniently sales at retail and sales by mail subscrip-
9 tion of all principal periodicals in Canada.

10 I point out to this Commission that our brief
11 was very short. However, the matters in it, seriously,
12 are of great importance to periodical distributors in
13 Canada. We cannot put in detail before you just how
14 much it costs our Government to put in the hands of
15 publishers the means to sell their product unfairly to
16 individuals. This would require very careful study by
17 a senior officer of our Postal Department. We can only
18 point out that it must be a large amount, and it is
19 being used for a purpose which the Post Office authorities
20 obviously didn't have in mind when this was made up.
21 Thank you, gentlemen.

22 THE CHAIRMAN: Thank you very much. Mr.
23 Johnston wishes to ask you some questions.

24 COMMISSIONER JOHNSTON: Mr. Colebourne, is it?
25 Is that your name?

26 MR. COLEBOURNE: Colebourne, C-o-l-e-b-o-u-r-
27 n-e.

28 COMMISSIONER JOHNSTON: And your initials?

29 MR. COLEBOURNE: Ernest.

30 COMMISSIONER JOHNSTON: You mentioned Life



1 particularly. Do you use that example because it probably
2 weighs more than the others? Doesn't Macleans magazine
3 use the same means of distribution?
4

5 MR. COLEBOURNE: That is right, sir. There was
6 no specific reason why I used Life, I was just pointing
7 out that Life, as it happens, does weigh approximately
8 one pound each issue and that is the main reason why I
9 used that.

10 COMMISSIONER JOHNSTON: Well, the publishers of
11 Canada at least, and perhaps other countries, have always
12 had a low postal rate?

13 MR. COLEBOURNE: That is quite correct.

14 COMMISSIONER JOHNSTON: On the theory that the
15 distribution of publications was in the public interest.

16 MR. COLEBOURNE: I am glad you said that, and I
17 didn't say it.

18 COMMISSIONER JOHNSTON: Well, that is the theory.
19 The country weekly papers' rate is 40 miles free. Have
20 you made any representations to the Post Office?

21 MR. COLEBOURNE: No sir, no. That is why we
22 submitted this point in our brief to you, hoping that you
23 would do something.

24 COMMISSIONER JOHNSTON: Speaking of distribution,
25 we already have copies of the Postal Guide, and personally
26 I wouldn't want to carry any more in my brief case than it
27 has got in it right now.

28 MR. COLEBOURNE: Quite correct.

29 THE CHAIRMAN: All these matters have been
30 taken up with the Post Office by us and are being studied



1 at the present time, and all of these figures have been
2 available to us and have been submitted to the Post Office.
3 Is your case here that if the Post Office charged more
4 that the distributors would have a better deal?
5

6 MR. COLEBOURNE: It would make it more fair
7 competition in selling to your 17,000 retailers.

8 THE CHAIRMAN: Your real case is that the
9 Post Office is in competition with you, and this prevents
10 you from making more money, is that it?

11 MR. COLEBOURNE: The cut-rate subscription
12 business, as you probably know, and everybody in this
13 room knows, is very vicious at the present time, and if
14 the postal rates were increased, I am sure - I will give
15 you a good example; in England ---

16 THE CHAIRMAN: You are sure that the distribu-
17 tors would do better?

18 MR. COLEBOURNE: I will come back to that.
19 Subscriptions in England are either the same price retail
20 or one-and-one-half times, because the person or the
21 consumer is getting better service. We feel as wholesale
22 distributors that if there was no cut-rate subscriptions
23 and the Post Office didn't help them in the price that
24 they are giving them to mail across the country, then it
25 would be much fairer competition for the retailer and
26 the wholesale distributor in Canada.

27 THE CHAIRMAN: That is your case?

28 MR. COLEBOURNE: Yes.

29 THE CHAIRMAN: Thank you.

30 COMMISSIONER BEAUBIEN: On page 2 of your



1
2 brief, paragraph (a) you say here, "That which he doesn't
3 wish to display and sell, he may return at no cost to
4 himself."

5 MR. COLEBOURNE: That is right.

6 COMMISSIONER BEAUBIEN: Would you deliver
7 magazines, for instance, that a retailer wouldn't have
8 asked for?

9 MR. COLEBOURNE: Yes.

10 THE CHAIRMAN: Why do you do that if he hasn't
11 asked for them?

12 MR. COLEBOURNE: Gentlemen, if I was to write
13 down the functions of the wholesale distributor you would
14 be here until next Christmas. I will say to you seriously
15 that if by chance you have any time at all between now
16 and when you finish this Commission that I personally
17 would grant it an honour if you fellows were to visit
18 one of our wholesale distributing agencies and see what
19 goes on.

20 THE CHAIRMAN: We have had that from other
21 distributors, and I must say their story was not the
22 same as yours.

23 MR. COLEBOURNE: Wholesale distributors, sir?

24 THE CHAIRMAN: Yes, and very big ones, too.
25 I must say that this was in the Province of Quebec, but I
26 don't see how - do you compel people to take magazines
27 which they haven't asked for?

28 MR. COLEBOURNE: No.

29 THE CHAIRMAN: Why do you deliver them, then,
30 if they don't ask for them? Do you offer a package deal



1 to them?

2
3 MR. COLEBOURNE: No. Let me give you an
4 example. I see Mr. Chalmers sitting over here. We are given
5 6,000 copies of Canadian Homes and Gardens to distribute
6 to our retailers in the various areas; right? Now, I as
7 a wholesaler and with the knowledge I am supposed to have,
8 I am supposed to try and get the best sale imaginable out
9 of that 6,000 copies, so in my particular area I have
10 160 retailers; some retailers can't sell Canadian Homes
11 and Gardens because they have a poor room, or something
12 else, or they don't get Canadian Homes and Gardens, but
13 we have to make a distribution to the retailers pretty
14 well totally in order to create the sales for the publi-
15 sher whom we represent.

16 THE CHAIRMAN: Do you in this state your
17 preference, do you advise the retailer how to display his
18 magazines?

19 MR. COLEBOURNE: The retailer, sir, is not ---

20 THE CHAIRMAN: Do you? I am just asking the
21 question.

22 MR. COLEBOURNE: No. He is helped by the whole-
23 saler.

24 THE CHAIRMAN: How do you mean "helped"?

25 MR. COLEBOURNE: He is helped by the volume of
26 sales.

27 THE CHAIRMAN: What do you mean by "helped",
28 and don't tell me the volume of sales. Do you advise
29 him how to display particular magazines on his stands?

30 MR. COLEBOURNE: Yes, at certain times.



1 THE CHAIRMAN: Do you send around inspectors
2 to see he does so display them?

3 MR. COLEBOURNE: We don't send around inspectors;
4 we send around what we call check-up men.

5 THE CHAIRMAN: But you check his stand?

6 MR. COLEBOURNE: Yes.

7 THE CHAIRMAN: To see how he displays magazines
8 which you deliver to him?

9 MR. COLEBOURNE: That is right.

10 THE CHAIRMAN: That is all I asked you, sir.

11 COMMISSIONER JOHNSTON: Are you under pressure
12 from time to time from any magazine?

13 MR. COLEBOURNE: We are under no pressure, sir;
14 we run our own business, we are independent distributors.

15 COMMISSIONER JOHNSTON: All right. Has any
16 magazine in the last five years approached you and asked
17 you to push that particular magazine to the disadvantage
18 of another?

19 MR. COLEBOURNE: No.

20 COMMISSIONER JOHNSTON: That is all.

21 COMMISSIONER BEAUBIEN: On page 3, paragraph 8,
22 you claim, "It has been said and it is acknowledged by
23 virtually all publishers, that the true measure of the
24 worth of any magazine or periodical, is shown by single
25 copy sales at retail." What do you mean by "worth"? Do
26 you judge the value of the magazine just in terms of the
27 number of dollars it will bring back?

28 MR. COLEBOURNE: Do I? You are asking me as
29 an individual?
30



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2 COMMISSIONER BEAUBIEN: Well, that is what you
3 have in the brief.

4 MR. COLEBOURNE: Well, all the reports that I
5 have read - being in the business - are that the adver-
6 tisers, shall we say, like Coca-Cola or Proctor and
7 Gamble feel that the best possible piece of advertising
8 is in a publication where the person actually goes him-
9 self and buys it because he wants that publication. That
10 is what I meant by "worth".

11 COMMISSIONER JOHNSTON: If he bought something
12 small to read on a 'plane and put it in his pocket, would
13 that be regarded as being of particular "worth"?

14 MR. COLEBOURNE: That, sir, I cannot answer.

15 COMMISSIONER BEAUBIEN: On page 4, paragraph
16 (a), halfway through the paragraph you say, "to service
17 one hundred and sixty retailers; to bill and collect
18 from these retailers;" I thought you people sold for
19 cash?

20 MR. COLEBOURNE: No sir. Magazines are on a
21 guaranteed sale. They are delivered one week, in most
22 cases, and the returns are deducted off the next week,
23 and that is what you collect, the net amount of what they
24 have sold. They are on guaranteed sales, but don't get
25 that mixed up with consignment; it is guaranteed sale.

26 COMMISSIONER BEAUBIEN: I think the information
27 we got in Quebec ---

28 MR. COLEBOURNE: I don't know what information
29 you got in Quebec.

30 COMMISSIONER BEAUBIEN: The information we got



1 in Quebec was to the effect that they were selling for
2 cash.

3
4 MR. COLEBOURNE: We do have publications on a
5 non-returnable basis. We do have, for instance, most of
6 your British publications and the European publications,
7 and they are given to us as a wholesaler on what we call
8 a non-returnable basis, and then they are ordered by
9 somebody specifically. For instance, if you came over
10 from the Old Country and wanted to read the Manchester
11 Guardian, then you would order that publication. It is
12 non-returnable to us and to the retailer, but the maga-
13 zines that we have from Canada and the United States are
14 on a guaranteed sale basis.

15 COMMISSIONER BEAUBIEN: I have one last question.
16 On page 4, paragraph (b) you quote 1.8 cents as being the
17 return on sales.

18 MR. COLEBOURNE: Yes.

19 COMMISSIONER BEAUBIEN: Well, 1.8 cents is not
20 very much, but you realise, of course, that supermarkets
21 can make a fair amount of money on a low return but it
22 depends on the turnover, so that 1.8 cents itself doesn't
23 mean very much.

24 MR. COLEBOURNE: Unfortunately, I don't do
25 that so I couldn't tell you how much money he has left in
26 that box at the end of the year, I don't know.

27 THE CHAIRMAN: Thank you very much.
28
29
30



SUBMISSION OF THE STAR WEEKLY

Appearances: Beland H. Honderich

John Claire

THE CHAIRMAN: Will you identify yourself for the record, please?

MR. HONDERICH: Mr. Chairman and members of the Commission, my name is Beland Honderich and I am vice president and editor-in-chief of the Toronto Star. I am appearing here today on behalf of the Star Weekly, and with me is Mr. John Claire, executive editor of the Star Weekly, who will assist me in answering any questions which you gentlemen may have.

As the members of the Commission are aware, we have filed a submission outlining the history and operations of the Star Weekly. Unless the Commission feels that it is necessary, I will not take the time this morning to read the submission, except to say that we of the Star are proud of the role which the Star Weekly has played in the last 50 years in the development of Canadian writers and artists, and perhaps more important, in the development of the strength of Canadian thought.

We have also filed with the Commission a supplementary memorandum which I shall refer to in my oral statement. I have the exhibits here, and I would ask that they be filed with the Commission.

Mr. Chairman, if I may I would like to take the opportunity of placing before you at this time a copy of the current issue of the Star Weekly, which I hope you will have an opportunity of looking at. I am not sure that you or Mr. Johnston to your left will necessarily



1 agree with the political opinions that we sometimes
2 express on the editorial pages of the Star Weekly.
3 However, I feel that both you and Mr. Johnston - and Mr.
4 Beaubien, too - will agree that a Canadian magazine that
5 can sell almost 1,000,000 copies each week without the
6 benefit of cut-rate subscriptions, certainly has something
7 to commend it to the Canadian people.
8

9 Turning now to my oral submission, I would like
10 to recall a statement made to this Commission on
11 November 14th by the Periodical Press Association. That
12 Association said in its brief, and I quote:

13 "If the present trend in foreign encroachment
14 on Canadian periodicals is allowed to continue,
15 our member publications will fade away, one by
16 one, until, in the easily foreseeable future,
17 all periodicals available to Canadians will be
18 under foreign domination."

19 The Star Weekly is not a member of the Periodi-
20 cal Press Association but we fully endorse this statement.
21 Indeed, on the basis of our knowledge of the industry, we
22 suspect that the position of Canadian magazines is even
23 more precarious than most publishers would care to admit
24 publicly.

25 In our own case, we say without qualification
26 that the Star Weekly is not a profitable publication.
27 Despite our large circulation, our aggregate earnings
28 before taxes in the ten years from 1950 to 1959 were only
29 one half of one per cent on sales of \$82,492,475. Should
30 the Commission wish, we will be pleased to make our



1 financial records available so you may satisfy yourselves
2 as to the true position of our publication.

3 We appreciate, Mr. Chairman, that the Commis-
4 sion is not primarily concerned with the financial
5 plight of individual magazines and certainly I am not
6 appearing here to make any plea for special assistance
7 for The Star Weekly. We are fully prepared to compete
8 on an equitable basis with any and all magazines sold in
9 the Canadian market and, if we cannot do so, we do not
10 deserve to remain in business.

11 The competition, however, is not on an equitable
12 basis. Canadian publications must recover sufficient
13 revenue from Canadian advertising and circulation to
14 cover the full cost of their editorial content and other
15 expenses connected with the publication of magazines.
16 Our competitors face no such necessity.

17 First, let me deal with the Canadian editions of
18 American magazines - and I refer specifically to Time and
19 Reader's Digest. The bulk of their editorial content has
20 been prepared by their parent organizations in the United
21 States and the cost of the material has been recovered in
22 large part, if not entirely, from American sales.

23 The position in which Canadian magazines find
24 themselves can best be illustrated this way: Let us assume
25 that a Canadian publisher desired to produce a weekly news-
26 magazine similar to the Canadian edition of Time. In
27 addition to the news services he would have to purchase,
28 he would have to maintain an extensive news-gathering
29 organization of his own with bureaus and staff reporters
30



1 all around the world. At home he would require a large
2 staff of editors, writers, photographers, artists and
3 layout men to process the news and prepare it for publica-
4 tion.

5 The cost of maintaining this news operation
6 would be tremendous by Canadian standards. At a guess,
7 it might run to \$6,000,000 or \$7,000,000 a year. What-
8 ever the figure, this money would have to be recovered
9 almost entirely from Canadian advertising and circulation.
10 A Canadian news magazine produced for Canadians by
11 Canadians with a distinctive point of view could not
12 expect to gain a large sale outside the country.

13 Now compare the position of this publisher with
14 that of the Canadian edition of Time. The Canadian
15 edition of Time does not have to maintain a world-wide
16 news gathering organization. This is done for it by its
17 parent firm in the United States. All it must do, in
18 fact, is provide the editorial content for four or five
19 pages of Canadian news.
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2 Now, Mr. Chairman, it will be obvious to you
3 as a newspaperman, that the publisher of our Canadian
4 news magazine would quickly find himself on the road
5 to bankruptcy. With his editorial costs of \$6,000,000
6 or \$7,000,000, he simply could not afford to sell his
7 advertising at the same rate as the Canadian edition
8 of Time whose editorial costs, by comparison, are
9 almost nil. Yet, unless he was prepared to meet Time's
10 rates, he could not hope to sell much advertising.
11 After all, why should any advertiser pay, say, \$15 a
12 line for advertising when he can secure the same
13 coverage in a similar magazine for \$5 to \$6?

14 So the publisher of our Canadian news magazine
15 would be doomed to failure. He simply could not hope
16 to compete with a Canadian by-product of an American
17 magazine. Moreover, he would fail for the very reasons
18 that may force existing Canadian magazines to suspend
19 publication.

20 The editorial costs of a general Canadian maga-
21 zine are not as high as our imaginary Canadian news
22 magazine. But so far as the large Canadian magazines
23 are concerned, they are still much higher than the editor-
24 ial costs of the Canadian edition of Time or Reader's
25 Digest.

26 Canadian magazines must recover from
27 Canadian sales sufficient revenue to cover their entire
28 editorial and publishing costs. Time and Reader's
29 Digest are faced with similar publishing costs but their
30 editorial costs are very much lower.



1
2 I appreciate that Time and Reader's Digest
3 would probably argue that their Canadian operations
4 pay a proportionate share of the cost of maintaining
5 their world-wide operation that provides their editor-
6 ial content and that, therefore, they are not dumping
7 editorial content into the Canadian market.

8 But this is not the test. The test of whether
9 Time and Reader's Digest are dumping would be to
10 determine what a fair market value of such editorial
11 content would be if The Star Weekly or some other
12 purchaser was to buy it in the United States.

13 The fact is that the Canadian edition of
14 Time and other American magazines occupy a favored
15 competitive position in Canada. They are able, by
16 reason of their American parents, to compete in this
17 market without the necessity shared by all Canadian
18 magazines of obtaining virtually the whole of their
19 operating expenses from the Canadian market.

20 If Canadian secondary industry was faced with
21 the type of competition we have in the magazine industry,
22 I suggest we would have little or no Canadian-owned
23 secondary industry.

24 The reason that this type of competition has
25 not developed in other industries, of course, is our
26 tariff and anti-dumping legislation, which was enacted
27 to protect Canadian manufacturers from unfair competi-
28 tion from abroad.

29 If, instead of magazines, we were concerned
30 here with ordinary commercial products, there would



1
2 be no problem at all. An American manufacturer who
3 attempted to dump tools and dies into Canada after
4 he had finished with them - and this, in effect, is
5 what the American magazines are doing - would be
6 required to pay dumping duties based on the fair
7 market value of the goods at the place of export.

8 It is true that even without the unfair com-
9 petition of American publications, the Canadian magazine
10 industry would not be free of problems. Like the
11 periodical press in the United States and in Britain,
12 we are going through a difficult period. Television
13 is taking an increasing share of advertising dollar
14 with the result that there is a smaller share available
15 for print media.

16 But we believe at The Star Weekly, that if
17 this was our only problem, we could surmount it with
18 efficient management and an aggressive sales policy.
19 The unfair competition of American magazines, however,
20 makes the problem that much more difficult and may
21 in the end force Canadian magazines to suspend publica-
22 tion.

23 It no doubt will be argued by some that
24 Canadian magazines are not operating efficiently and
25 that if they were, they would not be in very much
26 difficulty. Speaking for ourselves, our circulation
27 has risen in recent years, which indicates that The
28 Star Weekly has an appeal for Canadians, and we have
29 increased our advertising revenue. So this is not a
30 case of our having failed to take aggressive steps that



1
2 are necessary to sell our product in Canada. Our trouble,
3 and that of other magazine publishers, is that our
4 revenues are not keeping pace with our costs and
5 our experience as publishers indicates that the only
6 solution to this problem is to get a larger share of
7 the advertising dollar. To the extent that advertising
8 revenue is taken elsewhere, our future is jeopardized.

9 Notwithstanding the precarious financial
10 position in which we find ourselves, let me say most
11 emphatically that The Star Weekly does not believe that
12 the solution to this problem should be found in any
13 action that would exclude American publications from the
14 Canadian market. The Star Weekly is sold as a Canadian
15 magazine in American communities along the international
16 border. For the same reason that we believe it is good
17 for Americans to read about Canada, we think Canadians
18 should know more about Americans and American view-
19 points.

20 However, we do not believe that American
21 magazines should be permitted to have an unfair advantage
22 over Canadian publications in the Canadian market.
23 Appropriate government action could eliminate this advan-
24 tage, enabling Canadian magazines to compete on equitable
25 terms. This would make possible a continued diversity
26 of information and opinion available to Canadian readers.
27 It could not reasonably be called interference with
28 freedom of the press.

29 The only way in which I can see that freedom
30 of the press is involved in these hearings is from



1
2 the standpoint of Canadian magazines. And here the
3 question is whether Canadian magazines will continue
4 to be free, in an economic sense, to offer distinctive
5 Canadian ideas and opinions. No one is more concerned
6 with freedom of the press than I am. But as a Canadian,
7 it seems to me that the principle of freedom of the
8 press will not be helped much by maintaining economic
9 conditions which make it impossible for Canadians to
10 express their views in a Canadian magazine.

11 This, Mr. Chairman, is the crux of the matter.
12 We want American magazines in Canada but we also want
13 Canadian magazines and if we are to have both, a
14 fairer basis for competition must be found.

15 We regard the Canadian editions of American
16 magazines as unfair competition. We are also concerned,
17 to a lesser degree, with overflow circulation in
18 Canada of American magazines. With so many of our
19 Canadian businesses owned by parent companies in the
20 United States, there is a growing tendency on the
21 part of these firms to depend on the overflow circula-
22 tion in Canada to advertise their Canadian products.
23 Without this overflow circulation, this advertising
24 would be done in Canadian media.

25 It is now common practice in magazines to sell
26 advertising regionally. Various sets of printing
27 plates are made and advertisers can run a different
28 advertisement in the East from the one he runs in the
29 West. A number of American publications will allow
30 changes in an advertisement for that part of their



1
2 circulation sold in Canada.

3 Saturday Evening Post, with a circulation of
4 230,664 in Canada, can change a color plate for \$1350,
5 or a cost of \$5.85 per thousand Canadian circulation.
6 The equivalent cost per 1,000 for the two English
7 speaking magazines in Canada for the same page size,
8 Maclean's and Chatelaine, is \$9.43 and \$8.43 respectively.

9 Canadian publishers, faced with the competition
10 of Canadian editions of American magazines and the
11 overflow circulation of American magazines, find
12 themselves in an untenable position. They are unable
13 through their own efforts to meet this competition
14 and if they do not meet it, they will go out of business.
15 The question, then, is whether it is appropriate for
16 the government to adopt measures which will enable
17 Canadian magazines to compete on an equitable basis.

18 Mr. Chairman, I have no hesitation in answering
19 this question in the affirmative. What is at stake
20 here is not merely the private interest and profit of
21 Canadian magazine publishers, but also a substantial
22 matter of public interest.

23 The Canadian people, although increasingly
24 world-minded as the times demand, keenly desire that
25 Canada should be a nation in fact and not just a name.
26 Perhaps they believe, as I do, that Canada can be
27 more useful in international councils as a distinct
28 voice rather than as an echo of another country.
29 The talents for moderation and compromise, which
30 Canadian history has compelled us to develop, are evident



1
2 in our diplomacy; these talents are acutely needed
3 in a divided and explosive world.

4 But of course we cannot be a true nation,
5 shaping our own destiny and speaking with a distinct
6 voice, unless we have a national consciousness, a
7 unifying sense of our own identity and concerns.
8 For this, a strong indigenous magazine press is
9 indispensable, just as a Canadian-owned daily newspaper
10 press and a national broadcasting system are indispen-
11 sable.

12 Canada, according to the Periodical Press
13 Association, is the only country of any size in the
14 world whose people read more foreign periodicals than
15 they do periodicals published in their own land - local
16 newspapers excluded. We think it an excellent
17 thing that many Canadians are thus stimulated to take
18 an interest in the United States and its affairs. But
19 we do argue for the survival of a Canadian periodical
20 press as well, to stimulate and inform Canadians about
21 Canadian affairs.

22 The daily newspapers and the national
23 broadcasting system cannot do the job unaided.

24 A newspaper concentrates on the events of the
25 last 24 hours, and its writers and editors may have
26 to meet four or five deadlines a day. They may do an
27 able job of "backgrounding" the news and supply
28 intelligent comment on it, but they simply do not have
29 the time for the reflection and research that can be
30 put into magazine articles and editorials. A big



1
2 national story which the daily press must cover by bits
3 and pieces can be pulled together in a magazine article
4 so that its real significance dawns on the reader for
5 the first time. The defence controversy is a good
6 example.

7 Again, the newspaper serves primarily a local,
8 or at most a regional, readership. Its coverage of
9 national news and news from other parts of the country
10 is, of course, an essential aid to national conscious-
11 ness. But there are no "national" newspapers in
12 Canada - none which have substantial circulation and
13 influence across the country.

14 This fact greatly enhances the importance of
15 magazines. They alone of the printed media have a
16 nationwide readership. Thus they occupy a position
17 comparable to that of the national broadcasting system
18 in visual and sound communication. It is hard to
19 imagine how a strong national consciousness could be
20 promoted and maintained in the absence of either.

21 But magazines will contribute to national
22 consciousness and understanding only if they approach
23 national (and international) subjects from a Canadian
24 point of view; only if they lift local and regional
25 stories to the level of national attention.

26 And here we come to the Great Divide between
27 the magazines currently available to Canadians - the
28 division between those which feed national consciousness
29 and those which do not.

30 The Star has surveyed the coverage given to



1
2 eight subjects of national interest or importance by three
3 Canadian magazines and by the Canadian editions of two
4 American magazines. Our findings, and the material on
5 which they are based, are submitted in a separate
6 memorandum, but I would like to summarize them briefly.

7 The Canadian magazines in our study were
8 Maclean's, Saturday Night and The Star Weekly. The
9 American magazines were the Canadian editions of Time
10 and Reader's Digest.

11 After examining some 400 articles in these
12 five magazines, we concluded that only in Canadian
13 magazines did we find articles which attempted to
14 dig deeply into Canadian affairs and provide readers
15 with a distinctive Canadian opinion on important
16 national and international issues.

17 The Reader's Digest is correct when it says
18 that it "makes no pretence of being a magazine to
19 inform Canadians about Canadians". In the last four
20 years and ten months the Digest has carried no
21 article giving a Canadian viewpoint on any of the
22 eight subjects of national importance we selected, and
23 has carried only four articles dealing with subjects
24 primarily Canadian.

25 Time is a newsmagazine whose main function
26 is to summarize the highlights of the week's news.
27 Its Canadian section does this job well. ~~But it~~ does
28 not, as Canadian magazines frequently do, examine
29 national subjects in depth.

30 Therefore our first major conclusion is that



1
2 if Canadian magazines were forced out of business,
3 Canadians would be left without any national magazines
4 that explored Canadian problems in depth.

5 Although Time's total wordage on some subjects
6 compares favorably with that of Canadian magazines,
7 a difference of approach is evident in its treatment
8 of matters which bear on Canadian-American relations.
9 For instance, the Canadian magazines are highly critical
10 of recent joint defence arrangements and strategy,
11 whereas Time, to the extent which it indicates an
12 editorial position, reflects the official U.S. line.

13 Our second conclusion is that without
14 Canadian magazines, Canadians would be deprived of
15 distinctive Canadian comment. They would have to rely
16 on magazines owned abroad and taking their editorial
17 direction from abroad.

18 We have tried to be as objective as possible
19 in making this survey. Nevertheless, I would hope
20 that members of the Commission might examine the material
21 and satisfy themselves as to the correctness of our
22 conclusions.

23 The history of Canada has been a continuous
24 struggle to maintain our identity against the strong
25 pressures which besiege us from without, particularly
26 from the United States. Were it not for the fact
27 that successive governments have been prepared to
28 adopt special means, such as the creation of the
29 Canadian Broadcasting Corporation, to meet our special
30



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2 circumstances, the struggle would have been lost long
3 ago.

4 We believe the time has come for special
5 measures to ensure the survival of the Canadian period-
6 ical press.

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8 ---Short Recess.
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2 THE CHAIRMAN: Mr. Johnston will ask a
3 few questions first.

4 COMMISSIONER JOHNSTON: Mr. Honderich, you
5 and I have not agreed very often in the past but we
6 seem to be in pretty good general agreement today.
7 I was interested in one place here where you said,
8 towards the end of your brief, you thought Time did
9 a pretty good job of highlighting the Canadian
10 views of the week.

11 MR. HONDERICH: I think I used the word
12 summarize.

13 COMMISSIONER JOHNSTON: Is that professional
14 courtesy or do you believe it?

15 MR. HONDERICH: Well, as an editor I
16 know how much of our own work can be subject to
17 criticism and I am rather careful about criticizing
18 the work of others.

19 COMMISSIONER JOHNSTON: Well, I am not so
20 careful, I am afraid. As a matter of fact, I do not
21 read Time, I pay someone to read it for me and point
22 out things that are important. One of the early
23 witnesses before this Commission said that if we had
24 no magazines there would be no Canada. Do you believe
25 that?

26 MR. HONDERICH: I think that that perhaps
27 is an extreme statement. I would like to emphasize
28 the point I made in my submission that we in this
29 country do not have national newspapers. The only
30



1
2 national medium you have in the printed field are
3 your magazines. I think it would be much more difficult
4 and, bearing in mind the pressures that we are under
5 today, I would suggest our chances of retaining a
6 separate identity would be very seriously aggravated.

7 COMMISSIONER JOHNSTON: It has been my
8 observation through the years and reading what
9 history you can get of early Canada that we are
10 always on the verge of becoming Americans. But,
11 like Gilbert and Sullivan's hero, in spite of
12 temptations to belong to other nations we insist
13 on remaining Canadians. Is that so?

14 MR. HONDERICH: Perhaps as a generalization,
15 yes, but I have no hesitation in saying that in my
16 opinion in the last fifty years we have gone a long
17 way towards losing our independence.

18 COMMISSIONER JOHNSTON: And now, the
19 Periodical Press Association made a statement that
20 I do not think they have substantiated. They said,
21 and you quoted without taking the entire responsibility
22 for it:

23 "Canada, according to the Periodical Press
24 "Association, is the only country of any
25 "size in the world whose people read more
26 "foreign periodicals than periodicals
27 "printed in their own land, local news-
28 "papers excluded."

29 Have you checked with regard to Belgium or
30



1
2 Switzerland?

3 MR. HONDERICH: We have our representatives
4 in London making a special study of five or six
5 countries in Europe but unfortunately although we
6 asked this study to be made immediately after the
7 commission was set up, the research has not been
8 completed to the point that I can make a statement
9 on my own. That is why I quoted the Periodical Press
10 Association.

11 COMMISSIONER JOHNSTON: I hope the public
12 goes along with your statement that what is at stake
13 is not merely private interests and profit of
14 Canadian magazine publishers but also a substantial
15 amount of public interest. I would not like to be
16 party to a report that merely tended to favour you
17 or MacLean's or any other publication. I am sure
18 that this Commission will play it straight down
19 the middle to find out what we can, what should be
20 done and what can be done. I think it may be worth
21 while to emphasise that. Do you suppose that from
22 your journalistic experience that if Time had not
23 four pages of Canadian summary that they would
24 lose many subscriptions in Canada?

25 MR. HONDERICH: They would lose a
26 proportion of them but how large a proportion I
27 do not think I would be competent to say. In my
28 own personal opinion it is the fact that Time
29 represents itself as a Canadian magazine that gives
30



1 its pull to both Canadian readers and advertisers.
2 I think if you compare the readership of the
3 Canadian edition of Time with Newsweek you would
4 probably get your answer. I am not able to provide
5 the figure but I have seen them. Newsweek does not
6 represent itself as a Canadian edition although it
7 does devote a column or a column and a half of
8 each issue to Canadian news.

9 COMMISSIONER JOHNSTON: You are not a
10 reader of Newsweek?

11 MR. HONDERICH: Yes, I look at it; I look
12 at Time too.

13 COMMISSIONER JOHNSTON: I had one survey
14 made that indicated that Newsweek prints more
15 Canadian news in its United States edition which is
16 their only edition, I think, than Time does.

17 MR. HONDERICH: I am not familiar with that.

18 COMMISSIONER JOHNSTON: Do you think that
19 if Time produced a magazine that did not call
20 itself a Canadian edition that it could sell as
21 much advertising in Canada as it does now?

22 MR. HONDERICH: No, it could not.

23 COMMISSIONER JOHNSTON: It could not?

24 MR. HONDERICH: No, because I am assuming
25 that without the Canadian views its circulation
26 would drop and without the circulation it would
27 be a very much less advertising medium.

28 COMMISSIONER JOHNSTON: Do you approve of
29 the Canadian Government using Reader's Digest and
30 Time for advertising?



1
2 MR. HONDERICH: I would have the selfish
3 reason, as an editor of a magazine, for disapproving
4 but I would like to speak as a Canadian and I would
5 like to say as a Canadian that I disapprove.

6 MR. JOHNSTON: You disapprove?

7 MR. HONDERICH: Very much so,

8 MR. JOHNSTON: It seems to me that our
9 terms of reference indicate that the present
10 Government disapproves of Canadians advertising
11 in such papers for domestic consumption -- I am *not*
12 alluding to such advertising as may be put out for
13 the purpose of promoting the tourist trade -- the
14 terms of reference which I never can find when I
15 want them seem to indicate that the Government thinks
16 one way and the Government advertising agencies
17 think another. Who is the more powerful? Up to date
18 it seems to be the advertising agencies, would you
19 agree?

20 MR. HONDERICH: Well, if I were spending
21 the dollars I think I would insist on making the
22 basic decisions.

23 COMMISSIONER JOHNSTON: I think that is
24 all, thank you.

25 COMMISSIONER BEAUBIEN: In your brief
26 on page 10, the bottom paragraph you say:

27 "Canada, according to the Periodical
28 Press Association is the only country of any size
29 in the world whose people read more foreign
30



200



1
2 periodicals than periodicals published in their
3 own land, local newspapers excluded."

4 How about Belgium and Ireland and
5 Switzerland?

6 MR. HONDERICH: Well, I have incomplete
7 figures on Belgium. We made a study on Belgium,
8 Switzerland and one other country in Europe and
9 perhaps I should not even mention these figures
10 but on the information that is given to me so far
11 I believe this is an accurate statement. Again,
12 because I could not check it by myself, I based this
13 more on the statement of the Association

14 COMMISSIONER BEAUBIEN: Well, this is
15 leading to your statement to the effect that we have
16 gone a long way towards losing our identity. Could
17 you point to any indices that Canada is losing its
18 identity? Granted we are being flooded with foreign
19 literature but actually is identity actually
20 suffering or is that just an opinion on your part?

21 MR. HONDERICH: I think if there is such
22 a thing as a distinctive Canada identity I would
23 state it is pretty hard to define. At times I
24 think it is suffering from propaganda and I use
25 that word in a very wide sense, that has enveloped
26 this country not only from the United States by
27 printed matter but by television and radio. If
28 I might use an illustration here, I referred in my
29 brief to what we thought was the essential difference
30



1 between the articles on Canada that you read
2 in Canadian magazines and American magazines or
3 Canadian editions of American magazines now on the
4 question of defence which I suggest is a matter
5 of some importance to Canadians. All Canadian
6 magazines ask serious and searching questions about
7 the defence arrangements that have been made with
8 the United States. In contrast to that in the American
9 magazines or the Canadian editions of American
10 magazines there was a general acceptance that what
11 Americans were doing was right. While I would disagree
12 that these magazines do reflect a distinctive
13 Canadian opinion I would suggest to you that in the
14 absence of these magazines it would be difficult
15 to generate a distinctive Canadian opinion on the
16 matter of defence.

17
18 THE CHAIRMAN: Mr. Honderich, you said that
19 in ten years between 1950 and 1959 the Star Weekly
20 made one half of one percent on sales of \$82,000,000.00.
21 How were you doing the five years before that, let
22 us say before Weekend came into being?

23 MR. HONDERICH: Weekend started in 1951
24 if I recall correctly.

25 THE CHAIRMAN: That is right.

26 MR. HONDERICH: I do not have the figures
27 in my mind but in the five years prior to that I
28 would imagine that, if I recall the facts correctly,
29 that we were making a reasonable profit.

30 THE CHAIRMAN: You were doing better



1
2 before Weekend came into being?

3 MR. HONDERICH: Yes but I should point
4 out there have been factors that influenced the
5 introduction of Weekend. The format of the magazine
6 was also changed in 1956 to meet competition and
7 that has been a factor too.

8 THE CHAIRMAN: Would you regard Weekend
9 as a perhaps more formidable competitor in your
10 class of advertising than Reader's Digest or Time
11 magazine?

12 MR. HONDERICH: Weekend magazine is a
13 good competition; Reader's Digest with circulation
14 of approaching 1,000,000 is also very strong
15 competition. Also, Time would be less competition
16 than the first two you mentioned.

17 THE CHAIRMAN: I asked the question because
18 most of our periodicals when they speak of loss of
19 revenue in recent years are inclined to attribute
20 it to Reader's Digest and Weekend and seemingly
21 take little account of the coming of the C.B.C. and
22 of a publication like Weekend. Surely the C.B.C.
23 has taken a vast amount of advertising revenue which
24 they are taking now, something like \$70,000,000.00.
25 Surely it must have made a great difference to a
26 publication like the Star Weekly?

27 MR. HONDERICH: As I said in my oral
28 submission, television has become a very serious
29 competitor and I think we acknowledged too that
30



1
2 Weekend is a serious competitor but the point
3 I made was this, that the only way we can hope
4 to solve our problems meeting this kind of competition
5 plus American competition, which we regard as being
6 unfair, is to try and get a larger share of the
7 existing Canadian advertising dollar. Now, the
8 American competition may be likened to the last
9 straw which breaks the camel's back.

10 THE CHAIRMAN: I was delighted to see your
11 somewhat realistic attitude on the freedom of the
12 press in relation to this question. Mr. Johnston,
13 Mr. Beaubien and myself were even more delighted
14 to see the Toronto Star coming out for a policy of
15 protection. I am sure if this goes to Ottawa this
16 afternoon there will be great rejoicing but not on
17 one side of the House.

18 MR. HONDERICH: Does that call for a comment?

19 THE CHAIRMAN: Yes indeed.

20 MR. HONDERICH: All I will say is that I
21 think there is a difference between protection and
22 protection against unfair competition.

23 THE CHAIRMAN: That is always the argument.

24 COMMISSIONER JOHNSTON: A nice distinction.

25 THE CHAIRMAN: An historic argument.

26 I think your brief is excellent and I want to con-
27 gratulate you on it. There was one thing that amused
28 me and rather interested me and it is on page 11
29 at the end of your second paragraph. You said there:
30



1
2 "A big national story which the daily
3 "press must cover by bits and pieces can
4 "be pulled together in a magazine article
5 "so that its real significance dawns on
6 "the readers for the first time. The
7 "defence controversy is a good example."
8 Why did you exclude that when you came to
9 it?

10 MR. HONDERICH: That was merely an oversight
11 because I think it is a splendid example of the
12 point I tried to make.

13 THE CHAIRMAN: I am afraid it is one case I
14 must disagree with you violently. Some magazine
15 articles I read on the defence controversy muddled
16 the waters hopelessly.

17 MR. HONDERICH: Well, in the Star Weekly
18 we may have muddled the waters too. To present
19 what we regarded, what we considered the complete
20 picture on the defence problem required two stories
21 of 7,000 words. I suggest to you as an editor there
22 will be very few occasions in which you can find
23 space for 7,000 words in one edition.

24 THE CHAIRMAN: I agree that you tried
25 feebly.
26
27
28
29
30



1 COMMISSIONER JOHNSTON: Mr. Chairman, there is
2 one question I intended to ask and forgot. How is the
3 Star Weekly distributed?
4

5 MR. HONDERICH: The Star Weekly is distributed
6 - I have the figures here. 59% of the Star Weekly circu-
7 lation is sold through distributors on newsstands; 40%
8 is sold by carrier boys and .25% is sold by mail subscrip-
9 tion.

10 COMMISSIONER JOHNSTON: You and Mr. Colebourne
11 would be quite happy together; he likes the newsstand
12 distribution, and you have probably no mail subscription.

13 MR. HONDERICH: Well, sir, we would perhaps
14 agree in some things and perhaps disagree in others.

15 COMMISSIONER JOHNSTON: I think you said some-
16 where - or did you - that you didn't cut prices?

17 MR. HONDERICH: Cut-rate subscriptions.

18 COMMISSIONER JOHNSTON: Don't you have special
19 offers?

20 MR. HONDERICH: Yes, there are special offers
21 at times when the Star Weekly is sold in September and I
22 think again earlier in the year when there would be an
23 offer through the supermarket, where it may be sold for
24 10 cents for one issue.

25 THE CHAIRMAN: Don't you sell it in connection
26 with newspaper campaigns? Didn't we at the Ottawa Journal
27 have some kind of an arrangement with the Star Weekly?

28 MR. HONDERICH: In our case we get our full
29 price; the same price which we would sell to a wholesaler.
30 If there is any reduction in price, it is given to you!



1
2 COMMISSIONER JOHNSTON: I would like to put on
3 the record some figures from the Canadian Broadcasting
4 Corporation's annual report. I think, Mr. Chairman, that
5 you were a few millions out, but in the C.B.C., the part
6 that doesn't carry programmes with advertising, for the
7 year ended March 31st, 1960, the cost was \$32,580,000,
8 and the commercial revenue gross was \$38,000,000, which
9 seems to indicate that ---

10 THE CHAIRMAN: That is the C.B.C. alone, or
11 with T.V. too?

12 COMMISSIONER JOHNSTON: That is the Canadian
13 Broadcasting operation, and it includes T.V., and this
14 is even more difficult to read than that of a corporation
15 report where the management is trying to conceal things
16 from the shareholders; there are not many of those, but
17 there are a few.

18 Now, the commercial revenue is \$38,000,000,
19 and it says "gross", so presumably there is the inevitable
20 15 and 2 per cent to the advertising agency which is
21 included in that, and it would be a reduction from the
22 total commercial revenue.

23 MR. HONDERICH: Is that a question?

24 THE CHAIRMAN: No, it wasn't a question. Thank
25 you both, gentlemen, very much. I think we will adjourn
26 now for lunch and will return at 2.15 this afternoon.

27 --- Luncheon adjournment.
28
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2 ---On Resuming at 2:15 p.m.
3

4 SUBMISSION OF
5 CANADIAN CHURCHMAN

6 APPEARANCES:

7 THE REVEREND A. GORDON BAKER,
8 Editor and General Manager

9 THE REVEREND H. R. ROKEBY-THOMAS,
10 Advertising Manager.

11 REV. BAKER: Mr. Chairman, this brief is in
12 two parts, one part to be presented by my advertising
13 manager. I am the Reverend A. Gordon Baker, editor
14 and general manager of the Canadian Churchman.

15 REV. ROKEBY-THOMAS: Mr. Chairman, I am the
16 Reverend H. R. Rokeby-Thomas, advertising manager.

17 REV. BAKER: Her Majesty's Royal Commission
18 on Publications (PC 1960 - 1270). Gentlemen. The
19 power of the printed word has never been more in
20 evidence than in our own day. The thinking of men
21 and nations is shaped by what they read and therefore
22 the publishers of periodicals are called to exercise
23 their responsibilities to the reading public with an
24 integrity based upon the highest ideals.

25 The terms of this commission refer to both
26 the economic and cultural prospects of periodical
27 publishing in Canada. In presenting this brief by
28 Canadian Churchman (national publication of the Anglican
29 Church of Canada) I propose to deal in this section I,
30 with the cultural aspects, while in section II, The

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2 Rev. H. R. Rokeby-Thomas (Advertising Manager) will
3 deal specifically with the economic question.

4 The story of what has happened in this
5 century has been often told. Literacy, communication,
6 emancipation have advanced rapidly. People have freedom
7 today which was undreamed of forty years ago. At the
8 same time it must be noted that people are becoming
9 less free with each passing year. It would seem that the
10 technological parts of our culture have outstripped
11 our morality, and that progress has in many instances
12 become indigestible.

13 The results are all around us. The disintegra-
14 tion of society as revealed through marriage break-up,
15 juvenile delinquency, political irresponsibility in
16 many communities, almost universal dishonest advertising
17 practices, educational chaos, and so on, are matters
18 of concern for all Canadians in positions of authority
19 and leadership. All these factors contribute to what
20 might be called the 'national character' of Canada.
21 To say, as many do, that things are not as bad in Canada
22 as elsewhere in no sense lessens the cause for concern.

23 Mental health has become a byword in our
24 culture. People find it increasingly difficult to come
25 to terms with our way of life. Mental hospitals
26 are full, mental health clinics are springing up
27 like daisies, and for every individual who is hospitalized
28 or who seeks assistance, there are two more who need
29 it. Many social scientists look upon North American
30 culture, of which Canada is a part, as a sick society.



1
2 Allusion to this background in no sense
3 places blame at the door of the periodical publisher
4 in Canada. To make such an accusation would be
5 absurd. However it would also be absurd not to point
6 out that publishers have a responsibility in this chaos,
7 and that in the past decade or more irresponsible maga-
8 zine literature may well have contributed to the present
9 state of affairs.

10 The profit motive is not a high enough ideal
11 for publishing. There must be ideals and goals which
12 when realized within the life of a publication will
13 add to the stature of the 'national character' through
14 the publication's readership.

15 In the publishing history of our country,
16 the great periodicals have been those with an idealistic
17 'axe to grind'. Today, too many of our national
18 publications lack the fire of idealistic conviction,
19 and often sacrifice accuracy of fact for a 'so-called'
20 "good story". When taking them altogether it doesn't
21 matter which one is read because there is a sameness
22 about them. They all aim at reflecting the reader to
23 himself, and making a dollar.

24 On the open market, such magazines must take
25 their place with others from wherever they come. Herein
26 lies one of the major difficulties. National periodicals
27 must pay their way, and a decisive point of view may often
28 mean going out of business. There is obviously a need
29 for serious consideration here as the economic position
30 is balanced against the cultural position. The extent



1
2 to which Canadian periodicals promote development of
3 a Canadian culture will influence the economic prospects
4 of these publications.

5 There is a further matter of cultural concern
6 in periodical publishing and distribution in Canada.
7 I refer to those magazines which seem to have as their
8 prime purpose the propagation of lewd pictures and the
9 kindling of indiscriminate sexual passions. While there
10 are a certain number of these publications printed
11 in Canada, the greater number come from the United States.
12 They are, with a few minor exceptions, cheaply printed,
13 poorly edited, and aimed at arousing freely-floating
14 sexual desires.

15 These periodicals are to be found on any
16 magazine counter in Canada. They outnumber the
17 serious magazines in variety, and probably have a
18 greater influence on the great mass of people and their
19 standards.

20 There is no doubt that Canadian culture must
21 stand up to the culture of other countries, but must
22 this sort of American cultural influence be imported
23 wholesale into Canada? Must its effect on our national
24 character be accepted uncritically in the name of
25 some distorted understanding of freedom of the press?
26 What about the responsibility of the press which is the
27 foundation of its freedom?

28 It has been shown many times that continuous
29 reading of such magazines has effected social thinking.
30 A visit to any of our restraining institutions reveals



1
2 what happens to people whose only reading has consisted
3 of pulp-magazines dedicated to perversion and violence.

4 In a subtle way these publications affect
5 all the people of Canada by the unbridled subversion
6 of all the moral and ethical standards upon which our
7 country has been built. They openly assault all the
8 established canons of decency, sexual self-control and
9 responsible, monogamous marriage.

10 Of late a new field of exploration has become
11 popular and is shamelessly presented; sexual perversion.
12 That such a serious problem should be so lightly and
13 irresponsibly treated by publishers exemplifies a
14 freedom which is no longer free - it is license, irre-
15 sponsible and unbridled.

16 No good purpose would be spent in further
17 pursuing this topic, as I am sure the Commissioners are
18 as aware of these facts as anyone else. However it
19 did seem important that such considerations should
20 be part of the record of this Royal Commission.

21 The Commission has asked for suggestions and
22 recommendations. I would like to present some broad
23 principles which I would hope that the Commission might
24 see fit to include in their report. As representing
25 a Church publication I do not feel it is proper to
26 speak other than in the field of general principles,
27 because our interest is not governed in any sense
28 by a profit or business motive, but by a general concern
29 for the cultural development of Canada, and we pray
30 that it might so develop under God.



1
2 We would hope that the Commissioners might
3 recommend:

4 1) that Canadian publishers should give
5 special attention to materials contributing to the
6 solidarity and stability of family life in their
7 magazines. That competent writers be encouraged to
8 express their considered views on the many subjects
9 which contribute to Canadian culture.

10 2) That Canadian publishers be asked to
11 review their motives for publishing any particular maga-
12 zine. That once their motive is clearly established
13 they be encouraged to stand out, and alone if necessary,
14 to realize whatever ideal they espouse. Such is the
15 responsibility of a free press.

16 3) That Canadian publishers be asked to
17 consider the fundamental unity of peoples in our world
18 as a basic policy in their editorial planning. In
19 Canada, with our ever increasing mixture in population,
20 increased understanding among the different peoples
21 is necessary to any cultural growth which can be called
22 truly Canadian. World affairs cry out for the same
23 treatment and understanding. Our national cultural
24 development must take place in the context of world
25 affairs, not just in a North American context.

26 4) Our final recommendation in this section
27 of the brief is a difficult one to make because of
28 the very touchy subject of censorship. It refers to
29 the magazines which are dumped into Canada each month
30 from the United States containing nothing which



1
2 contributes to the development of Canadian culture,
3 but rather having the contrary effect of destroying the
4 values on which our culture is based.

5 Before proceeding to the recommendation I
6 should like to quote from an address of the Archbishop
7 of Canterbury, the Most Reverend Dr. Geoffrey Fisher,
8 to the Church Assembly of the Church of England. The
9 Archbishop reported that he was constantly being
10 asked to denounce this or that evil. He remarked:
11 "Some are perfectly reasonable requests if it was my
12 job to denounce evils. Some are completely lunatic...
13 There is a danger of people thinking that whenever any-
14 thing goes wrong they have to ask the Church to denounce
15 it. The right people to denounce evil are the citizens.

16 "We in the Church are here to train citizens
17 to live. It is always a weakness to my mind when the
18 Church itself has in an official way to denounce some
19 evil. It only ought to do that when the moral sense
20 of the community is not strong enough to do it for
21 itself."

22 These remarks of Dr. Fisher reveal the
23 difficulty in which Churchmen find themselves in dealing
24 with 'modern-day' sin. I believe that Canadian people
25 generally are unaware of the subtle influence of the
26 magazines dedicated to sex. I also believe that the
27 Government of Canada is aware of a problem here, and that
28 present legislation against obscene literature is
29 an example of their concern. However the time seems to
30 have come for some further regulation. The Government,



1
2 representing the people, has the responsibility of
3 drawing the line in the interests of the Canadian people
4 and of the development of Canadian culture along
5 creative lines. Where the line should be drawn is
6 not for me to say, although I might suggest that publica-
7 tions which promote abnormal sexual experiences might
8 reasonably be dropped from our Canadian scene. We would
9 respectfully suggest that the Commissioners might
10 have some recommendation to present in their report
11 about the place to draw such a line, considering the
12 cultural welfare of Canada, the country which has first
13 claim on our love and loyalty.

14 We would also suggest that Canadian publishers
15 might consider developing and subscribing to a code
16 of cultural morality through membership in some such
17 organization as the Periodical Press Association.
18 This code, self-developed and self-administered, would
19 undoubtedly benefit the whole nation.

20 REV. ROKEBY-THOMAS: Her Majesty's Royal
21 Commission on Publications (PC1960-1270). Gentlemen.
22 This is the second part of a brief submitted by
23 Canadian Churchman (national publication of The Anglican
24 Church of Canada) and deals specifically with the
25 economic position. (Our Editor and General Manager,
26 The Reverend A. Gordon Baker, having dealt with the
27 cultural position in the first part of the brief.)

28 The undersigned has been Advertising Manager
29 of the Canadian Churchman since November 1958 (and
30 incidently has been since 1949, and still is, Advertising



1
2 Manager of Huron Church News (official publication of
3 The Anglican Diocese of Huron - which with a circulation
4 of some 14,000 is one of a group of diocesan papers
5 associated with Canadian Churchman.) Canadian Churchman
6 during 1960 has had a monthly average circulation consid-
7 erably over 280,000.

8 Since early in 1959 the undersigned has been
9 in communication with the Government of Canada in rela-
10 tion to the advertising position of Canadian Churchman.
11 This communication has included a general brief submitted
12 to The Rt. Hon. John G. Diefenbaker, Prime Minister,
13 on the 24th February, 1959 and submissions to members
14 of the Cabinet and private members, both by correspondence
15 and interview. Such submissions have been especially
16 directed to the Honourable William McLean Hamilton,
17 Postmaster General, in his capacity as Chairman of
18 the Government Committee on Advertising. It is proper
19 that I should say that these submissions were received
20 by the Postmaster General with kindness and consideration
21 and should express my gratitude for his open and un-
22 prejudiced approach to the whole matter. In these
23 sentiments I would also like to include Harry O. White,
24 Esquire, M.P. for South Middlesex, who gave me much
25 help and time in presenting these matters.

26 To deal with the economic position of
27 Canadian Churchman:- Canadian Churchman has no profit
28 motive in seeking national advertising.

29 Canadian Churchman does have a cost motive.
30 It is both necessary and just that part of the publishing



1
2 cost should be covered by advertising.

3 Yet until this moment I have not yet succeeded
4 in getting reasonable consideration of advertising for
5 Canadian Churchman from any governmental agency. A
6 large amount of the governments advertising appropriation
7 is spent in Canadian editions of American publications.

8 Canadian Churchman hopes to live in sympathy
9 and fellowship with other Canadian publications
10 which also have a contribution to make to our heritage,
11 and accepts the maxim: "live and let live."

12 This brief is not the place for presenting
13 an economic analysis of the relationship of advertising
14 to publishing cost. We presume the necessity of
15 advertising to newspapers and periodicals is accepted
16 by all associated with such publishing.

17 I would like to stress that publications have
18 an obligation to aim at constant improvement of
19 content and format, as a measure of service to their
20 readership.

21 Canadian publications must be worthy of Canada,
22 and their Canadian readership.

23 In return they should have the first loyalty
24 of the Canadian people, both sentimental and economic.

25 The writer does not propose in this brief,
26 which is on behalf of Canadian Churchman as one of the
27 national publications of Canada, to introduce details
28 of his experience in soliciting advertising for
29 Huron Church News over a period of twelve years -
30 except to say this: that in that experience there were



1
2 the same problems on a smaller scale, so that experience
3 entirely supports the views I have formed in relation
4 to Canadian Churchman.

5 Competition is a guarantee of the truth
6 reaching the people. The writer shares with many deep
7 concern at the recent elimination of three major
8 newspapers in Great Britain. This does not in any way
9 imply endorsement of the editorial viewpoint of any of
10 them. It does acknowledge that their demise was
11 due to the economic difficulty of effecting a balance
12 between publishing cost and advertising revenue. There
13 have been similar instances on the North American
14 continent.

15 In an economic sense, competition on equal
16 ground is fair. Publications owned, edited, printed
17 in Canada, will live with one another, and will derive
18 from their own field revenue to maintain and improve
19 themselves.
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1
2 It is not equal ground, when publications
3 from outside Canada, with the resouces of large finance
4 and circulation behind them, can come in without
5 penalty or restriction to a market, to which in
6 the last analysis they have no loyalty. Many instances
7 could be quoted when Canadian thinking has been
8 influenced by views originating outside the country.
9 This is very definitely the case with United States
10 publications which come into Canada, especially
11 those which are called Canadian editions.

12 I have very warm friendship both for many
13 personal friends in the United States and for that
14 great nation as a whole. I want that warm friendship
15 to continue, but I do say for the record, its contin-
16 uance requires that the people of the United States
17 respect the independence of the Canadian people and do
18 not take advantage of its larger population to attempt
19 domination of the Canadian scene.

20 The writer can say, with all honesty, and
21 with the highest searching of conscience, that
22 when I have been presenting the claims of Canadian
23 Churchmen, with its large circulation reaching into
24 every part of Canada, the strongest and most
25 aggressive competitive presentations quoted to me,
26 both client and agency, have been claims of
27 publications of non-Canadian ownership. Readership
28 surveys of these publications have been quoted to
29 me, which I am convinced were misleading, because
30 they were obtained by skillfully selecting the field



1
2 in which the survey was done.

3 There may be a school of thought which
4 regards high pressure selling methods as a business
5 necessity. May I express the hope that honesty and
6 honour may be prized most highly in Canadian economic
7 life.

8 May I assure the members of the Royal
9 Commission on Publications, of Canadian Churchman's
10 loyalty to those past values on which our nation has
11 been built and which should be dear to the heart of
12 every one of us.

13 May I submit with loyal duty, to Her
14 Majesty's Commissioners, a request that they may
15 see fit to include in their findings:

16 1) Some recommendation, that a fair share
17 of national advertising is an economic necessity for
18 major national religious publications; that for this
19 they offer a medium of the highest integrity, and
20 special appeal: and that they deserve inclusion on
21 their own merits in the broad picture of Canadian
22 publishing.

23 2) A recognition that Canada is primarily
24 a field for publications that are Canadian in every
25 sense. In this we add, for the record, our support
26 to general representations on this subject that
27 have been made by other Canadian publishers.

28 3) To recommend the need for some measure
29 (tax or otherwise) to establish equal competition
30 between Canadian publications and foreign publications



1 circulating in Canada. Such a regulation being
2 directed towards the so-called "Canadian editions"
3 of foreign publications. That the legislation should
4 be made clear that it is not enacted with a revenue
5 producing motive, but as an anti-dumping deterrent
6 to such publications and for the purpose of
7 establishing fair and equal competition.
8

9 COMMISSIONER JOHNSTON: Mr. Baker, for
10 whom do you speak?

11 MR. BAKER: I speak for the Canadian
12 Churchman as a publication officially in the sense
13 that it carries the sub-title of "The National Paper
14 of the Anglican Church of Canada but in this part
15 as an independent wing within the church, the
16 publication having an independent editorial policy.

17 COMMISSIONER JOHNSTON: Have you a boss?

18 MR. BAKER: I have a Board of Trustees.

19 COMMISSIONER JOHNSTON: Are they responsible
20 to any particular division in the church house?

21 MR. BAKER: They are responsible to the
22 general synod of the Anglican Church.

23 COMMISSIONER JOHNSTON: Not the Bishop who
24 is Chairman of --?

25 MR. BAKER: No, sir.

26 COMMISSIONER JOHNSTON: Then you speak for
27 yourself really?

28 MR. BAKER: Yes.

29 COMMISSIONER JOHNSTON: You do not claim
30 to speak for anyone else?

1
2 MR. BAKER: I do not claim to speak for
3 the Anglican Church of Canada.

4 COMMISSIONER JOHNSTON: As an Anglican I
5 find it hard to believe when people say that "the
6 Anglicans believe" because I do not think they are
7 in agreement on anything.

8 THE CHAIRMAN: They will be after the
9 visit of the Archbishop of Canterbury.

10 COMMISSIONER JOHNSTON: We are in the
11 minority in this Commission as you have probably
12 guessed.

13 COMMISSIONER JOHNSTON: You say that people
14 have freedom today which was undreamed of 40 years
15 ago; I was under the impression we have less freedom.

16 MR. BAKER: I think that is true. The thinking
17 here is that with the development within our culture
18 people have the moral courage, moral fibre and if
19 it was developed within them they have the freedom
20 to go ahead and do things. However, because of the
21 lack of courage they find themselves in more of a
22 prison. It is a different type of prison to what
23 they were in 50 years ago.

24 COMMISSIONER JOHNSTON: But still a prison?

25 MR. BAKER: Oh, it is a prison.

26 COMMISSIONER JOHNSTON: Well, I think we
27 have less economic freedom than we had 40 years
28 ago -- of course, you were not around 40 years ago.

29 MR. BAKER: True.
30



1 COMMISSIONER JOHNSTON: Now, as a person
2 very much interested in advertising you say "almost
3 universal dishonest advertising practices"?

4 MR. BAKER: I do, sir.

5 COMMISSIONER JOHNSTON: Do you really
6 think that is true?

7 MR. BAKER: Well, looking at the field
8 of automobiles, movies and even to the field of
9 advertising that is done for magazines, for soap,
10 for kleenex, for any number of items, it is either
11 dishonest through actual fact of what is stated
12 and what is received or there is implicit through
13 the copy of most of the advertising dishonest in-
14 tention in order to gain. I think this dishonesty
15 sometimes can go right through to the notice board
16 that stands outside the church with the sermon title
17 just to draw people in which has very little to do with
18 the actual sermon.

19 COMMISSIONER JOHNSTON: Surely that does
20 not apply to the Anglican church?

21 MR. BAKER: I refuse to answer that
22 question.

23 COMMISSIONER JOHNSTON: Well, I am quite
24 disturbed by the number of advertising claims that
25 appear to me to be exaggerations to the point of
26 dishonesty but you say "almost universal". Surely
27 there are a lot of honest people in publishing and
28 advertising agencies even.

29 MR. BAKER: I think in answering that,
30



1
2 there are a lot of honest people involved here
3 but even honest people find themselves compromised
4 by what has become accepted within any particular
5 trade as a system. To some extent that is what
6 contributes to the reference to a sick society.
7 They find they have to live one life with themselves
8 and another life with their business.

9 COMMISSIONER JOHNSTON: Frankly I do not
10 believe it, I think you are wrong. I think a man
11 may be just as good on weekdays as on Sunday and
12 sometimes better.

13 MR. BAKER: I was not referring to his
14 ethical behaviour in that sense.

15 COMMISSIONER JOHNSTON: I do not know
16 what this discussion has to do with this Commission
17 except I seem to spend all my time arguing with
18 clergymen when I am free, I would like to
19 point out to you that there is nothing, absolutely
20 nothing in our terms of reference that would enable
21 us to do anything about the problem of the sex
22 magazines and other things where you could possibly
23 apply some censorship. I do not see that we have
24 anything to do with it. The Criminal Code is there,
25 it was recently amended by Parliament at the behest
26 of Mr. Fulton and I think that is where you should
27 go with your problems of that nature and not to
28 this Commission. I do not know whether my fellow
29 commissioners agree but I think it is the thing
30



1
2 to do.

3 MR. BAKER: May I speak to that?

4 COMMISSIONER JOHNSTON: Yes.

5 MR. BAKER: In the communications from the
6 Commission I believe it was stated that anything
7 which was felt to be important in relation to the
8 cultural as well as the economic position of
9 periodical production and distribution in Canada
10 was relevant to this Commission and it was on that
11 basis this was presented.

12 COMMISSIONER JOHNSTON: I would like to
13 ask the Chairman --

14 THE CHAIRMAN: The Chairman was going to
15 ask if this was a private fight among the Anglicans.

16 I think that a great many things you have
17 suggested here do not come within our terms of
18 reference. They do come within the legislation which
19 Mr. Fulton brought down last year. That was not what
20 concerned me. Do you not think you are a little
21 hard on the public press of Canada when you say that
22 today too many of our national publications lack
23 the fire of idealistic conviction and even scrap
24 accuracy of fact for a so-called good story and when
25 taking them together it does not matter which one
26 is read because there is a sameness about them?
27 Well, I think I know a little bit about the press
28 of various countries and I think I am stating the
29 case fairly and accurately when I say that in all
30 the national press of Canada the matter of decency



1 and integrity and responsibility and independence
2 from Government or financial pressure probably
3 compares with the best of the press in any country
4 in the world. I know we hear a great deal about the
5 press of England and all about the Manchester
6 Guardian and the London Times and the Observer and
7 the Scotsman and the Yorkshire Post but, these are
8 not the newspapers which the great majority of
9 Englishmen read. If you have ever spent a Sunday
10 in London and you wanted to know what was happening
11 in the world the Saturday night before and went to
12 the newsstand and bought the News of the World -
13 which almost gives you the impression of standing
14 at an open sewer, -and you bought the People and
15 Brown's Newspaper and the Sunday Graphic and the
16 Merit and even Lord Beaverbrook's Sunday Express,
17 you would see things in those newspapers not only
18 about moral perversion but other things which you
19 would never see in a Canadian newspaper. That is an
20 absolute fact.

21 Another thing which rather surprised me
22 here is that you quote the Archbishop of Canterbury
23 as saying that after all the enunciation of these
24 things is not the business of the church, it is the
25 business of the citizens. Surely the basic difficulty
26 here is public taste, its education, its religious
27 training. Now, England has been a Christian country
28 for many centuries and yet that is a situation which
29 you find there. There are some excellent papers in
30



1
2 England, some excellent reviews. Take the Spectator,
3 for instance, and there is the Spectator published
4 in this highly liturate Christian country given
5 to literary reviews, to books, to science, to
6 politics and philospphy and it has a circulation
7 in a nation of 50 million people of 48,000 copies.

8 Go to the United States, and while I
9 am speaking of England, there is a publication there
10 which I gather you know about, the Tablet. This is
11 a famous organ of my church which has been there for
12 150 years and I saw its circulation figures the
13 other day and was shocked.

14 You go to the United States and you find
15 the Commonweal, this is an intellectual Roman
16 Catholic weekly. There are 35,000,000 Roman Catholics
17 in the United States and the circulation is less
18 than 30,000; there are more priests and bishops
19 in the United States than that. You are the people
20 who denouce us who are concerned with the press
21 for not being responsible and not having sufficient
22 care for morals.

23 There is another thing I must say I object
24 to. We seem to be getting into the habit in Canada
25 of blaming the Americans for everything and you
26 say here that our culture must be made to stand
27 up to this dreadful American culture. Well, the
28 Americans do not impose their magazines on us,
29 no one compels us to buy these horrible magazines.
30



1 They have a great many splendid magazines; the
2 Atlantic, Harper's and the Yale Review; they have
3 the Virginia Quarterly, the National Review, the
4 New Republic, the Nation but how many Canadians
5 seek those magazines? Why do they come in? Why
6 do Canadians buy all this trash that comes over?
7 It is not sent over and we are compelled to take
8 it; it comes over because our people buy it.

9 Now, I think before we start lamenting
10 what even the Massey Report -- which I thought was
11 nonsense, called this mass American culture --
12 what is mass American culture? I think Harvard
13 University is a good example of American culture;
14 I think the quiet homes of New England are a good
15 example. I wish we had some parts of Canada as nice
16 as New England. This is what we are getting into.
17 We are going around with a chauvinistic, ultra-
18 nationalistic chip on our shoulder saying how much
19 better we are than other people including the
20 Americans. I am not satisfied we are on the right
21 track, I am not satisfied when you pull your
22 ecclesiastical robes around you and say it is not
23 the business of the church. I think definitely
24 it is the business of my church and yours and
25 the business of education and unless they deal
26 with this thing at its base then you cannot blame
27 the poor newspapers and periodicals and you cannot
28 blame the poor uneducated Canadian people. In
29 making this report I am afraid I will have a lot of
30



1 reservations. That is all I want to fight with
2 you people about.

3 MR. BAKER: May I speak to that?

4 THE CHAIRMAN: Yes, you may indeed.

5 MR. BAKER: The points that you have made
6 I will go so far as to admit are well taken, in
7 recognition of your experience in this field.
8 The points we have been making have been in the
9 interest of the development of a Canadian culture.
10 To explain what I mean, it seems to me that it is
11 all very well for publishers and editors, sometimes
12 even reporters, and this includes ourselves, to
13 be working on these things. However, quite often
14 in order to find out what has happened one has to
15 go to such things as the sociological services
16 reports and I would like to refer here to one done
17 here in Canada and which was highly recognized at
18 the time of its publication and perhaps this will
19 show what viewpoint we have as a main interest.
20 In the survey which was made under the title or
21 published under the title of Crestwood Heights,
22 which was a survey of the growing early suburban
23 communities of the social life standards of
24 people living in these communities, this submission
25 was made and I might say it was supported by about
26 five or six chapters of detailed information:

27 "In the absence of a strong indigenous
28

29 "Canadian culture the Crestwood Heighter

30 "even more so than its American counterpart



1
2 "is inclined to waver eternally under
3 "the influences from outside".

4 That is, that he has no backing, you
5 might say, for his standards, no culture out
6 of which to develop his community life, his family
7 life which I understand from other sociological
8 reports and physiatric reports has had a great
9 bearing on the mental health situation in our
10 economy. Now, just with that idea of development
11 rather than something that is purely nationalistic
12 in the sense of saying "Here we sit as Canadians"
13 perhaps even to the degree of summing our noses
14 at others, that is our concern.

15 THE CHAIRMAN: May I ask you one question,
16 perhaps two? What is the circulation of the
17 Canadian Churchman?

18 MR. BAKER: About 286,000 at the moment.

19 THE CHAIRMAN: What is the Anglican
20 population of Canada?

21 MR. BAKER: This is a confusing figure
22 to give as I think it is with all churches. The
23 census figure is two and a quarter million, the
24 church membership is one and a quarter million
25 and the actual family count is around 365,000.

26 THE CHAIRMAN: So you really do not even
27 reach your family count?

28 MR. BAKER: Not completely.

29 COMMISSIONER JOHNSTON: I think the Chairman
30 intervened not as a Roman Catholic but as an



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2 Irishman.

3 THE CHAIRMAN: A rebel.
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2 COMMISSIONER JOHNSTON: Mr. Baker, I rather
3 quarrel with your brief for its tone. On page 2 you say,
4 "it would also be absurd not to point out that publishers
5 have a responsibility in this chaos" - isn't that too
6 strong a word?

7 MR. BAKER: Chaos?

8 COMMISSIONER JOHNSTON: Yes.

9 MR. BAKER: No sir, I don't believe it is.

10 COMMISSIONER JOHNSTON: Well, it seems to me
11 that it is, because I think I have some faith in the
12 family life and some faith in the Anglican Church, and I
13 don't think things are becoming worse. Somewhere else -
14 and I can't quite find it here - you blame or are inclined
15 to blame the reading of magazines of a poor nature on the
16 fact that some of the readers of such magazines go to
17 jail. Now, are you not mixing up cause and effect a bit?

18 MR. BAKER: I don't know, sir; we mention that.
19 Could I quote from a social worker?

20 COMMISSIONER JOHNSTON: You can quote what you
21 like, but I don't have to believe what a social worker
22 tells me.

23 MR. BAKER: Well, I would just like to quote,
24 if I may, from Major Mary Webb of the Salvation Army, and
25 she, in her vast experience in working in the field of
26 the social life of Canada, says, "That the excessive love
27 emphasis in our mass media is damaging because it is not
28 being offset by the message that it is really noble to be
29 moral. Sexual experience is increasing greatly in the
30 lower age groups; youngsters are now having all the adult



1 sex experiences; it has gotten to the point where a boy
2 or girl of 15 has tried everything and many are bored to
3 death by the lack of any new experience to be encountered."
4 In relation to that, sir, in speaking of your faith in
5 the Anglican Church, I am glad to hear it.

6 COMMISSIONER JOHNSTON: You are glad to hear
7 about me?

8 MR. BAKER: I think it should be recognised that
9 the non-church population of this country in all probabi-
10 lity - I think the statistics are being worked on now -
11 is of a far greater proportion to the church-going popula-
12 tion, or even to church affiliation. The impetus to look
13 into the situation came from the United States, where they
14 have already seen that out of the 180,000,000, 100,000,000
15 are classified and accepted as complete - I don't think
16 you could call them irreligious, they have their religions,
17 but they are certainly not within the framework of the
18 recognised world religions.

19 COMMISSIONER JOHNSTON: Well, it is deplorable
20 that more people don't go to church, but I don't know
21 whether that comes within the terms of reference.

22 I would like to discuss something that is a
23 more immediate problem, and that is the problem of
24 getting advertising for the Canadian Churchman. A little
25 while ago you gave the Chairman the circulation of
26 286,000; how is that distributed?

27 MR. ROKEBY-THOMAS: It is distributed to the -
28 the best parallel which I could give you and which would
29 probably be understood by a lot of people present is that
30



1
2 it is syndicated through the diocese in Canada, where
3 they have something like Weekend Magazine. However, in
4 the diocese we don't have a paper of that scale.

5 COMMISSIONER JOHNSTON: It is on a circulation
6 basis?

7 MR. ROKEBY-THOMAS: Yes, and subscription
8 collection is by the diocese; it is for individual
9 subscriptions or, in many cases the diocese agree to go
10 on what we call the family plan; those are the two basic
11 ones.

12 COMMISSIONER JOHNSTON: Is your paper read?

13 MR. ROKEBY-THOMAS: We believe that it is. We
14 are surprised at the number of letters that come to the
15 editor, and things like that, and the number of references
16 we get back. My own feeling on that is that I would say
17 that we stand up very comparably with other papers, every-
18 body ---

19 COMMISSIONER JOHNSTON: You mean other church
20 papers?

21 MR. ROKEBY-THOMAS: No, I am saying other
22 monthly papers. I think that every paper has its better-
23 read portions of circulation and its sort of dead corners,
24 and I don't think I would want to claim for us more or
25 any less than pretty much the general broad average. We
26 like to think possibly we get a little more attention, but
27 we are not going to claim it.

28 COMMISSIONER JOHNSTON: Someone has said the
29 way to find out if your paper is read is to make a mistake.
30 If you don't hear about the mistake, nobody is reading it.



1 MR. ROKEBY-THOMAS: We do hear about it, sir.

2 COMMISSIONER JOHNSTON: Then, you do make
3 mistakes?

4 THE CHAIRMAN: Not theologically, surely!

5 COMMISSIONER JOHNSTON: I am interested in
6 your efforts to get some government advertising. To
7 whom did you go?

8 MR. ROKEBY-THOMAS: I don't think that it would
9 be quite fair to put anybody on the spot by name, but I
10 would say that we did all the appropriate, usual things
11 by going through the channels of the departments and to
12 the Ministers; we covered the complete field of approach.
13 I don't want to go into them and specify them particularly.

14 COMMISSIONER JOHNSTON: Did you find the
15 agencies sympathetic?

16 MR. ROKEBY-THOMAS: My own feeling was, I think,
17 a lot of the difficulty lay there. With all due respect
18 to them, I thought they were very happy to, shall we say,
19 spend large appropriations in a few large places rather
20 than take on the chore of them doing what was necessary -
21 to put it another way, we accept the fact that if an
22 advertiser goes into religious publications we don't
23 think it would be right because we are not competitors,
24 and I think the agency would have the chore of sorting
25 out what is the right group to go in. We suggest the
26 yardstick of large national representative publications
27 of the major denominations edited, printed and published
28 in Canada and with respectable circulations.

29 We feel that the agencies - I will not say that
30



1 they were totally unfair, but let us say they just don't
2 like to undertake that chore of really accepting the
3 responsibility, which it is my belief they should have.
4 I thought that was the main difficulty there.

5 COMMISSIONER JOHNSTON: Those are my sentiments.
6 That is my impression. You weren't here and didn't hear
7 the discussion with these advertising agencies?

8 MR. ROKEBY-THOMAS: No sir, we weren't.

9 COMMISSIONER JOHNSTON: The way you spoke I
10 thought you had read some of the evidence on the subject.
11 That is all.

12 THE CHAIRMAN: Thank you very much, both of you,
13 gentlemen. This has been very helpful.

14 SUBMISSION OF AGE PUBLICATIONS LIMITED

15 Appearances: L.R. Kingsland

16 Kenneth Gould

17 THE CHAIRMAN: Will you identify yourselves?

18 MR. KINGSLAND: Yes sir. I am L.R. Kingsland,
19 president of Age Publications Limited, and this is Mr.
20 Kenneth Gould, vice president of Age Publications Limited.

21 Before reading the brief, I would like to
22 apologise for the repetition which I know will occur in
23 some areas. We shall try to remedy anything which we
24 notice that is repetitious. I would also like to comment
25 briefly on one or two points which are contained in the
26 brief, if I may. I also point out that if in one or two
27 places our feelings in the brief appear to be of a strong
28 nature, this is for two main reasons: one, because we
29
30



1
2 strongly believe in what we say, and secondly, because
3 we are supporting what we say.

4 THE CHAIRMAN: You can call it righteous
5 indignation.

6 MR. KINGSLAND: AGE PUBLICATIONS LIMITED,
7 established in 1923 is a bona fide Canadian company
8 currently publishing six business publications known as:

- 9 a) AUTOMATIC HEATING/PLUMBING/AIR CONDITIONING.
10 b) CANADIAN GAS JOURNAL.
11 c) ELECTRONICS AND COMMUNICATIONS.
12 d) FOOD SERVICE EQUIPMENT SUPPLIER.
13 e) RESTAURANTS AND INSTITUTIONS.
14 f) WINE/BEER/SPIRITS.

15 Combined circulations of these publications
16 total more than 60,000 each month to Canadian readers in
17 industry, trades, and professions.

18 This organization is a member of and an active
19 participant in the BUSINESS NEWSPAPERS ASSOCIATION of
20 Canada, and agrees with and strongly supports the submis-
21 sion of BUSINESS NEWSPAPERS ASSOCIATION to the ROYAL
22 COMMISSION ON PUBLICATIONS.

23 GENERAL. AGE PUBLICATIONS LIMITED applauds the
24 action of the present Government of Canada in appointing
25 a Royal Commission to study the publication problem.

26 I would also like to comment that we agree with
27 the submission of the Periodical Press Association, and
28 also agree most enthusiastically with the one heard
29 earlier today of the Toronto Star.

30 To date, it may be argued, the competitive



1 situation has not been detrimental to the business inte-
2 rests of Canadian publishers. It may be further argued
3 that this competitive situation has in many ways been
4 good for the Canadian publishing industry in that it has
5 resulted in a noticeable improvement in Canadian publica-
6 tions. Here, however, the beneficial effects of Canadian
7 industrial expansion must be acknowledged as well.

8
9 Current trends clearly indicate that a "healthy
10 competitive situation" may soon cease to exist. Canadian
11 publishers do not have the financial resources to continue
12 improving their properties to match "dumped editorial"
13 emanating from more highly lucrative foreign (mainly U.S.)
14 publishing companies.

15 As a small to medium size publishing house, it
16 is the opinion of this organization that the lack of any
17 significant restrictive legislation governing the activi-
18 ties of foreign business and consumer publications in
19 Canada is detrimental to the interests of the Canadian
20 people generally and the Canadian publisher particularly.

21 The publishing industry of Canada is possibly
22 the only industry in the Dominion without any form of
23 protective legislation and thus is placed in a difficult
24 situation which could become entirely untenable in the
25 future.

26 I have since learned that the farm implement
27 industry is concerned in this, too.

28 It is not in the interest of higher profits
29 nor more freedom from competition that this industry and/
30 or this organization cries out for consideration - it is



1
2 in the interest of the preservation of Canada itself
3 through the guaranteed preservation of an industry vital
4 to the very future of our nation.

5 Those who conduct this investigation will fully
6 realize and appreciate that the most effective way of
7 "taking over" a country is to gradually but positively
8 envelope that country's communications. This, of course,
9 is even more effective and deadly when that country is
10 apparently unaware of what is taking place.

11 I would like to point out that we are not
12 suggesting this is a deliberate policy of a foreign
13 nation.

14 The vast majority of Canadians, because of our
15 urban geographical development along the U.S. - Canadian
16 frontier live within direct range of U.S. radio and tele-
17 vision communication and Canadians are, therefore, regu-
18 larly subject to the powerful yet subtle pressures enfor-
19 cing the U.S. thinking and way of life on us.

20 Add to this the circulation totals of all the
21 U.S. periodicals flowing across our borders like an
22 immense tidal wave, and again Mr. Average Canadian is as
23 well informed on U.S. thinking in all things as is the
24 average American. One does not have to look too far to
25 prove these observations as concrete facts - take for
26 example the "elections" held at McGill University in
27 October to determine - as far as they were concerned -
28 who would be elected the next president of the United
29 States.

30 This is not hard to understand when it is



1 recognized how tremendous a communications influence is
2 currently exerted by the United States on Canada.

3 Perhaps it should be noted that this printed
4 "influence" is present in many forms in addition to
5 periodicals. As an example consider the large proportion
6 of U.S. originated text books that are used in our schools
7 so that even our youngest future citizen is "conditioned"
8 to the national thinking of a foreign nation.

9 I believe over the radio last night or this
10 morning there was, appropos of this comment, a news
11 report that parents in a community near Montreal were
12 objecting because the oath of allegiance to the United
13 States was being taught to their children. It turned
14 out that it was the particular reader that was being
15 used in the fourth grade, and that was the one that they
16 were using, and I simply mention that to bring that home.

17 The one perhaps saving grace of this situation
18 is that, at the moment at least, we can identify the
19 radio and television broadcasts and the majority of
20 printed media coming into Canada as "other than Canadian
21 origin". "Life, Saturday Evening Post, U.S. News and
22 World Report" etc, are KNOWN as American publications and
23 we can at least argue that the Canadian reader can,
24 should and undoubtedly sometimes does take this into
25 consideration when exposed to such media.

26 But when a magazine uses the word "CANADIAN"
27 in its title or sub-title, or in fact anywhere in promi-
28 nence, the implication to the average Canadian is that the
29 magazine is CANADIAN - written by Canadians for Canadians,
30



1 and presumably reflecting Canadian thinking, Canadian
2 policies and the Canadian way of life.

3 This is where the so called "CANADIAN EDITION"
4 of a U.S. or other foreign publication becomes not only
5 misleading and contrary to the interests of the Canadian
6 publishing industry but DANGEROUS to the future of our
7 Nation - because the editorial content is largely U.S.

8 This has now reached serious proportions in the
9 consumer area where basically U.S. produced issues of
10 such media as TIME and READERS DIGEST are passed off as
11 CANADIAN.

12 Consider for a moment where we go from here.
13 There have already been successful probing ventures of
14 U.S. publishers into the Canadian trade fields - limited
15 at the moment but very definitely THERE. These U.S.
16 publishers will assume no responsibility to the Canadian
17 industries they try to penetrate. This has already been
18 shown by publications that have been started and quickly
19 dropped when success was not immediate.

20 There are at the moment many U.S. periodicals
21 with very substantial circulations in Canadian trade
22 fields and the Canadian publisher is wondering how long
23 it will be before this circulation is broken away, a page
24 or two of Canadian interest tossed in and another
25 "Canadian" edition appears.

26 Why should the Canadian publisher fear this
27 action? Let this be answered by asking what would happen
28 if protective tariffs were removed from the automobile,
29 white goods, furniture, machinery, or any other Canadian
30



1 industry. The answer is obvious - quickly these indus-
2 tries in Canada would disintegrate as we now know them.

3
4 This is what would happen to the Canadian
5 publishing industry with the result that Canadian busi-
6 nesses, trades and professions would be directly
7 influenced only by U.S. controlled media.

8 This would happen to the publishing industry
9 for the same reason it would and has happened to any
10 other industry. The Canadian manufacturer and in this
11 case the publisher cannot compete with the U.S. manufac-
12 turer or publisher on an equal basis because of the
13 tremendous difference in markets and because Canadian
14 buying potential cannot enable the necessary expense
15 budgets to compete on an even basis.

16 The foreign publishers, without exception,
17 after covering all their publishing expenses, enjoy a
18 reasonable profit from advertising revenue received in
19 their own countries. Using U.S. postage and in many cases
20 not paying any Canadian business or other taxes, the only
21 costs those publishers incur in bringing out a Canadian
22 edition are overrun mechanical costs and limited circula-
23 tion, editorial and advertising sales costs. In effect
24 the "Canadian edition" can be classed as dumped merchan-
25 dise. Obviously Canadian publishers cannot compete under
26 these circumstances.

27 Not being able to compete, Canadian publica-
28 tions will be forced to deteriorate, first to second
29 rate media and then quite possibly right out of business.
30 Except for local newspapers, which serve a vital but



1
2 different function, Canada will have lost most of its
3 printed media of communication. The implication of this
4 to Canada as a sovereign nation is obvious.

5 Look too for a moment at what is happening
6 already to a closely related field. The trend of U.S.
7 advertising agencies opening branch offices in Canada
8 and/or buying into or control of heretofore Canadian
9 advertising agencies.

10 With U.S. owned advertising agencies assuming
11 growing stature in the Canadian advertising world it
12 would seem likely they would not regard this whole
13 problem as a serious one.

14 Of no minor significance too is the loss of
15 considerable tax revenue so necessary to the development
16 of our nation. Already millions of dollars a year are
17 spent in "Canadian editions" that would otherwise be
18 spent benefiting the Canadian reader, the Canadian
19 publisher, the Canadian government - and the Canadian
20 people.

21 Consider alone the tax loss if the Canadian
22 publishing industry ceased to exist as we now know it.

23 Certainly Canadian publishers have a personal
24 interest in requesting restrictive legislation against
25 foreign publications from the government. We want to
26 stay in business. Our interest in survival, however,
27 coincides with similar interests of the Canadian people
28 in their survival as a sovereign people. This may sound
29 melodramatic, nonetheless the danger is very real.
30



1
2 There is also the loss of revenue to Canada's
3 publishing industry that is occurring because of
4 "overflow circulation". Many U.S. printed media now
5 have substantial circulations in the Canadian market
6 as mentioned before and conclusively demonstrated in
7 the BUSINESS NEWSPAPERS ASSOCIATION Brief.

8 Advertising sales staffs of such publications
9 are effective in many areas, in convincing those
10 advertisers interested in reaching the Canadian market
11 that they cover the important Canadian buying areas and
12 so why not cut out the appropriation set aside for
13 Canadian Business Papers, concentrate more advertising
14 in their publication and serve the two-fold purpose
15 of more internal U.S. impact through more or larger
16 advertising AND free of additional charge cover all the
17 important buying influences in the Canadian market.

18 Canadian publishers are already spending
19 considerable monies annually in bringing the fallacies
20 of this type of move home to the U.S. advertisers.
21 (attached as Exhibit "A" is a sample of the type of
22 message regularly sent out in this regard by this house).

23 We attach an exhibit of our piece of promotion
24 in that line that we used.

25 Unfortunately however, regular, personal
26 on-the-spot sales pressure from the U.S. publications
27 with larger Canadian circulations is taking a decided
28 toll on U.S. advertising dollars formerly spent here
29 remaining in the U.S.

30 More and more frequently the U.S. advertiser



1
2 will tell the Canadian advertising representative that he
3 "relies on the overflow circulations of the U.S. maga-
4 zines he uses to carry the advertising load for Canada."

5 Let us look closely at what is happening and
6 what can come about.

7 I might further point out we are simply
8 pointing this out as an observation -- this particular
9 point about overflow circulations. This can be
10 substantiated by reference to a medium giving circula-
11 tion figures, etc.

12 Take a hypothetical case of a Canadian trade
13 magazine with a circulation of 9,500 copies serving
14 one Canadian field or industry. Let us further suppose
15 this is close to full market coverage of that particular
16 field, and that the average advertising page rate is
17 three hundred dollars and the average annual lineage
18 is five hundred pages or an annual dollar volume of
19 \$150,000.00.

20 Now take the comparable field in the United
21 States and the comparable publication - probably
22 with a circulation of 50,000 to 60,000 and an average
23 advertising page rate of \$1,100, an average annual
24 lineage of 1,500 pages or an annual volume of \$1,650,000.
25 Probably included already in the circulation of the
26 U.S. publication is 4,000 to 6,000 Canadian copies.

27 The U.S. publisher can very easily add 3,000
28 to 4,000 extra Canadian circulation, slip in a section
29 of Canadian news and a cover with the words "Canadian
30 Edition" added to his regular cover, sell Canadian



1
2 advertising in the "Canadian Edition" and pass it off
3 as a Canadian magazine. He might even go to the
4 trouble of having this edition printed and mailed in
5 Canada - but the costly part - the editorial material
6 - the research, much of selling cost, the engravings -
7 the circulation verification, etc., has ALREADY been
8 paid for in the U.S. and so he receives tremendous
9 profits on his "Canadian" edition.

10 It is impossible for the Canadian publisher
11 with an annual volume of \$150,000 to editorially
12 equal what is produced by the U.S. publication with a
13 volume of \$1,650,000 and so eventually the Canadian
14 publisher is forced out of the field or if not out, is
15 economically put in a completely untenable position.

16 CONCLUSIONS

17 We are not trying to keep U.S. publications
18 out of Canada, nor are we advocating that the public
19 be penalized on the cost of bona fide foreign
20 publications such as Saturday Evening Post or National
21 Geographic Magazine. I would comment here when this
22 was written Saturday Evening Post had not announced
23 their plans for a regional edition covering Canada.
24 What we are asking is that legislation be enacted
25 to prevent American publishers from "dumping" their
26 product - already paid for and profited from at home -
27 on the Canadian market under the false label "Canadian
28 Edition".

29 We propose that reasonable legislation be
30 enacted by the Government of Canada, which shall be



1
2 in the spirit of democratic traditions governing
3 freedom of the press, but shall also heed the tenants
4 of these traditions advising vigilance against forces
5 which tend to undermine the sovereignty and welfare
6 of a people or its institutions.

7 The following suggestions either singly or
8 in combination are suggested as logical means to protect
9 the Canadian public from foreign propaganda masquerading
10 under the words "Canadian Edition"; the Canadian
11 publishing business from unfair and completely illogical
12 competition which is threatening their existence; and
13 the loss of Canadian merchandising dollars and taxes
14 to other countries.

15 I would further point out, gentlemen, that
16 we are not attempting to be presumptuous in suggesting
17 the answer to this whole problem. These are merely
18 ideas and opinions and suggestions of our own which,
19 if not acceptable in their present form, may promote
20 an idea on someone else's part.

- 21 a) That every communications medium
22 financed by printed advertising must be
23 owned principally by Canadian citizens
24 and that the medium must be edited,
25 written, mechanically produced and mailed
26 in Canada.
- 27 b) That the words "Canadian Edition" or
28 similar phrases indicating Canadian
29 origin may only be used by magazines which
30 fulfill the obligations outlined in (1).



- 1
- 2 c) That advertising in other than obviously
- 3 Canadian owned and operated publications
- 4 be not allowed as a deductible tax
- 5 expense.
- 6 d) That foreign magazines being mailed in
- 7 Canada be not granted 2nd class postal
- 8 privileges.
- 9 e) That advertising agencies must be
- 10 principally owned and operated by Canadian
- 11 citizens, since they are part of the
- 12 communications industry.
- 13 f) That a tax concession or a subsidy arrange-
- 14 ment be made to those publishers who can
- 15 prove that they are in fact bona fide
- 16 Canadian publishers. The word "subsidy"
- 17 is a poor choice: I mean that in a
- 18 broad sense.
- 19 g) That the editorial content which is used
- 20 in so-called "Canadian editions" be valued
- 21 at its original cost and taxed as an import
- 22 port on the basis of "dumping".
- 23 h) That every foreign magazine labelled
- 24 "Canadian Edition" be compelled to clearly
- 25 state on cover and masthead where the
- 26 bulk of the contents of the magazine is
- 27 written, edited, printed and mailed and
- 28 who owns the magazine and their place of
- 29 normal residence.
- 30 i) That a Communications Board be set up in



1
2 Canada and that all publishers be registered
3 tered and licensed.

4 j) That the total income of foreign publica-
5 tions operating in Canada with "Canadian
6 editions" be taxed regardless of the source
7 of this income.

8 k) That "Canadian Editions" of foreign
9 publications be required to retain the
10 major part of advertising revenue in
11 Canada and spend amounts proportionate
12 to established publishing practices on
13 editorial and other standard publishing
14 expenses in Canada.

15 I would ask that (l) be deleted from the
16 brief, gentlemen, because I can't substantiate it.

17 l) (deleted)

18 m) That "Canadian Editions" of foreign
19 publications may only be brought out by
20 bona fide Canadian owned publishing
21 companies. This would bring these editions
22 directly under the control of Canadian
23 legislation. Also, it would ensure
24 Canadian editing of all material written
25 in another country.

26 n) That every foreign publisher of "Canadian
27 Editions" be compelled to post a substan-
28 tial bond to ensure continuity.

29 COMMISSIONER JOHNSTON: I don't know whether
30 we can do anything about your recommendations, Mr.



1
2 Kingsland, but at least you make some recommendations;
3 not like a lot of other people who have come and
4 said, "Here is the problem. You do something about it."
5 It is a Canadian problem. It is not a problem of
6 this Commission.

7 I have only one or two questions. One is,
8 do you think that people who buy Time buy it for its
9 Canadian content, or do they buy it because of the
10 rest of the book?

11 MR. KINGSLAND: To answer that in part ---

12 COMMISSIONER JOHNSTON: It is just an impress-
13 ion I am asking for.

14 MR. KINGSLAND: Yes. I think a lot of people
15 buy Time because it is very heavily advertised and
16 promoted, and a lot of people seem to believe it is
17 an accepted magazine to follow. I would not think
18 they would buy it because of the Canadian content,
19 if they were to analyse it.

20 COMMISSIONER JOHNSTON: Do you think anyone
21 relying on Time's Canadian content would be a well infor-
22 med person about Canadian affairs?

23 MR. KINGSLAND: No sir, I do not.

24 COMMISSIONER JOHNSTON: They would be better
25 off to buy your plumbing magazine?

26 MR. KINGSLAND: Yes, sir.

27 COMMISSIONER JOHNSTON: The Canadian Gas
28 Journal used to be owned by the Canadian Gas Association:
29 it no longer is?

30 MR. KINGSLAND: No sir; we purchased this



1
2 publication in October.

3 COMMISSIONER JOHNSTON: So, it is not subsidized?

4 MR. KINGSLAND: It is entirely free now,
5 yes sir.

6 COMMISSIONER JOHNSTON: Don't you think you
7 exaggerate a little bit about the possibility of our
8 not surviving as a sovereign people if all the magazines
9 go down the drain?

10 MR. KINGSLAND: If I said that, I didn't
11 mean it exactly that way. I think perhaps I have been
12 guilty of enthusiastically stating what I believe. What
13 I mean to say is that I think Canada would suffer
14 greatly if the Canadian Business Press as well as the
15 Consumer Press were to disappear as we now know it.

16 COMMISSIONER JOHNSTON: There have been
17 some changes in the advertising agencies set up in
18 recent months: have a number of Canadian agencies sold
19 out, or is it merely that U.S. agencies are moving in?

20 MR. KINGSLAND: It would be my observation
21 and opinion, without basing it on fact, that I believe
22 there is a definite trend of U.S. agencies in Canada
23 in both areas; in other words, buying into, and
24 starting Canadian branches.

25 COMMISSIONER JOHNSTON: When a Canadian
26 branch is started it is usually for the purpose of
27 servicing an account of a U.S. company?

28 MR. KINGSLAND: In many cases, yes sir --
29 initially, anyway.

30 COMMISSIONER JOHNSTON: And if they can pick up



1
2 a few Canadian accounts in addition, it is all right.
3 Do you recognize an agency that comes in here and
4 has only one account? What are the rules for recognizing
5 agencies by the Business Newspapers?

6 MR. KINGSLAND: Without reference I wouldn't
7 like to answer that, sir.

8 COMMISSIONER JOHNSTON: Isn't it a fact that
9 all the publications are aggressively trying to sell
10 outside their immediate territory and claiming they
11 can do the job better than the local paper?

12 MR. KINGSLAND: I am not quite sure I under-
13 stand you, sir.

14 COMMISSIONER JOHNSTON: Perhaps I can give
15 you a concrete example. In your plumbing paper, you
16 claim that the American publications are claiming
17 they can cover the Canadian market. You do claim
18 that, don't you?

19 MR. KINGSLAND: I claim in many fields that
20 I think ---

21 COMMISSIONER JOHNSTON: Maybe not in that
22 one, but generally?

23 MR. KINGSLAND: Yes.

24 COMMISSIONER JOHNSTON: Have you a competing
25 plumbing paper in Canada?

26 MR. KINGSLAND: Yes, sir.

27 COMMISSIONER JOHNSTON: Don't they also claim
28 they cover the market better than you do?

29 MR. KINGSLAND: They claim they cover the
30 market, sir, yes.



1
2 COMMISSIONER JOHNSTON: -- I am trying to think
3 of a struggling publication -- take Aurora: the
4 Toronto daily papers undoubtedly claim they cover
5 Aurora better than the Aurora paper does. The point
6 I am trying to make is, competition is not merely
7 international?

8 MR. KINGSLAND: No, sir; I think the point
9 I wished to make there was that we have a terrifically
10 difficult job in convincing the U.S. advertiser,
11 many of whom inspite of all the publicity there has
12 been about Canada, are still somewhat ignorant of
13 Canada as a nation and its problems and industries etc. --
14 convincing them of the necessity of using Canadian
15 media, for instance, for contacting the potential
16 Canadian buyer, and this is a problem of our own. I
17 appreciate that, and this is another problem we have
18 to contend with, and, as a gentleman put it this morning,
19 if we also had in the particular fields, which we in
20 our own specific fields do not have at the present
21 time -- that is, our company does not have -- the
22 added problem of competing with Canadian editions of
23 U.S. publications, this could be the straw that would
24 break the camel's back.

25 THE CHAIRMAN: Mr. Kingsland, I am afraid
26 this is my afternoon to be devil's advocate even against
27 myself. I like much of what is in your brief, but I
28 must say that I am a bit disturbed by the seeming anti-
29 Americanism with which it seems to be shot through.
30 I was a bit shocked at you saying -- you speak of an



1
2 immense tidal wave of American publications rolling
3 over Canada, and you cite as one result of the evil
4 influence, "Take for example the 'elections' held
5 at McGill University in October to determine - as far
6 as they were concerned - who would be elected the
7 next president of the United States." Do you really
8 think that was a bad thing to have the young men of one
9 of our great universities taking an election of that
10 kind, or are we teaching in this country a narrow
11 nationalist insularism with ~~no~~ interest in foreign
12 affairs at all?

13 MR. KINGSLAND: No, sir. I think this interest
14 is probably good. My point was that I believe, per-
15 sonally, the average Canadian probably knows more
16 about the U.S. affairs than he does about Canadian
17 affairs.

18 THE CHAIRMAN: I don't believe that at all.
19 I have had some experience with public opinion, but,
20 in all events, I would like to see him know a great
21 deal about American affairs and British affairs and
22 world affairs, and I am sure he would not be a full
23 man or an educated man if he didn't.

24 When I was a boy, and that is a long time ago,
25 there was an American, Mr. Carnegie who was giving
26 libraries to this country -- all over the country --
27 and we accepted them greatfully, and in the capital
28 of Canada today you will still find a Carnegie library.
29 No one at that time shouted about the evil of American
30 influence. We took their libraries and money.



1
2 COMMISSIONER JOHNSTON: He was a Scotsman
3 too.

4 THE CHAIRMAN: Yes, he was a Scotsman, but
5 more than that, when he contributed the life pension
6 to a prime minister of England nobody in England got
7 up and said, "We will be ruined by American influence".
8 As a matter of fact, during those years the British
9 aristocracy was being buttressed by the marriage of
10 the aristocrats to American heiresses, and no one
11 said a word about it.

12 There are three great foundations in the
13 United States: Ford, Rockefeller and Carnegie. I
14 would like to see the total amount of money our
15 universities have taken from those three foundations,
16 and I know one case where a Canadian university used
17 to go down and see the Rockefeller people yearly to
18 get money. We have been doing this through the years --
19 taking their money for science, research and education,
20 and nobody has said a word about it. I think it is
21 a little hard to sit here as a Canadian -- I do, myself,
22 about the United States -- that every Canadian every
23 evening should get down on his knees and thank God
24 we live beside such good neighbours. I believe that
25 is true. Somebody the other day, one of the people
26 making a submission held up as an example of this
27 horrible Americanism the fact a friend of his was
28 stopped four hours getting across the border. I wonder
29 how many hours he would be stopped getting across the
30 Russian border. I am afraid they are not identifying



1
2 our friends, and if the bombs start falling on this
3 country it won't be the Americans who will be dropping
4 them. This is what I deplore in these submissions --
5 this strain of anti-Americanism. If injustices are
6 being done to our periodical press it is up to us
7 to recommend remedies and to explain to the American
8 people why we are doing it, and I think the reasonable
9 American people will understand. But, let us stop
10 clothing a just cause which we have with a lot of
11 nonsense about mass American influence. That is all
12 I have to say. Thank you for your submission which
13 I said I like for the most part.

14 MR. KINGSLAND: Thank you, sir. Could I
15 just offer a point there, sir: as to a feeling of
16 anti-Americanism, this is not so. I have the greatest
17 respect for the American people and American institutions.
18 I, however, also do have this respect for Canada as
19 a nation.

20 THE CHAIRMAN: Of course; there is nothing
21 incompatible about the two. I am desperately pro-
22 Canadian.

23 COMMISSIONER BEAUBIEN: You have a number of
24 publications listed here and you say the combined
25 circulation is 60,000?

26 MR. KINGSLAND: Yes, sir.

27 COMMISSIONER BEAUBIEN: Could you give us
28 a rough breakdown as to the circulation?

29 MR. KINGSLAND: Yes.

30 Automatic Heating, Plumbing and Airconditioning, 15,000.



1
2 Canadian Gas Journal, 6,000.

3 Electronics and Communications, 10,000.

4 Food Service Equipment Supplier, 1,000.

5 Restaurants and Institutions, 20,500.

6 Wine, Beer and Spirits, 10,000.

7 COMMISSIONER BEAUBIEN: Could you tell us
8 when these various publications were started -- the
9 year?

10 MR. KINGSLAND: I can tell you exactly if
11 you will allow me to look it up.

12 COMMISSIONER BEAUBIEN: Well, roughly?

13 MR. KINGSLAND: Automatic Heating, Plumbing
14 and Airconditioning, 1923. Canadian Gas Journal was
15 started in approximately 1920, and we have acquired it
16 this year. Electronics and Communications, 1952.
17 Food Service Equipment Supplier in 1958. Restaurants
18 and Institutions in 1950. Wine, Beer and Spirits in
19 1947 or 1948.
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1
2 COMMISSIONER BEAUBIEN: You have some
3 publications here that have been going on for quite
4 some time and some that you started rather recently?

5 MR. KINGSLAND: Yes, sir.

6 COMMISSIONER BEAUBIEN: So you must have
7 faith in the market?

8 MR. KINGSLAND: Yes, sir.

9 COMMISSIONER BEAUBIEN: When you talk
10 about American textbooks being imported to this
11 country, surely you are not referring to books
12 on subjects like chemistry or mathematics? What
13 books are you referring to?

14 MR. KINGSLAND: I understand, and this
15 is from public school teachers, that many of the
16 readers they use in the earlier grades which is the
17 one they specifically mention, are U.S. produced
18 and published. That is grades 1, 2, 3 and 4, in that
19 area.

20 COMMISSIONER BEAUBIEN: This would refer
21 to books which are distributed or imported for
22 the lower grades, the primary grades?

23 MR. KINGSGLAND: Yes, sir.

24 COMMISSIONER BEAUBIEN: Now, on page 5,
25 paragraph 8 you say:

26 "This has now reached serious proportions

27 "in the consumer area where basically

28 "U.S. produced issues of such media as

29 "Time and Reader's Digest are passed
30



1
2 "off as Canadian".

3 Do you really think Canadians accept these
4 as Canadian magazines and do not see them as
5 American magazines? I am not saying it is a good or
6 bad magazine that you should or should not have
7 but would you look at it as a Canadian magazine or
8 an American publication?

9 MR. KINGSLAND: As an American publication,
10 personally.

11 COMMISSIONER BEAUBIEN: Both of you?

12 MR. KINGSLAND: Yes, sir.

13 COMMISSIONER BEAUBIEN: Would you say
14 the same thing also?

15 MR. GOULD: Oh, yes sir.

16 COMMISSIONER BEAUBIEN: So even though
17 they are called Canadian editions they are not
18 accepted as such, would you say, generally speaking?

19 MR. KINGSLAND: I do not think -- I can
20 only offer my opinion. I think of the total
21 circulation of these publications there would be
22 a very high percentage of people that perhaps may
23 not realize that these were not -- when a magazine
24 is represented to the individual as being a
25 Canadian edition, I think this would apply to
26 a number of people that it, in fact, was a
27 Canadian magazine. The reason I say that is because
28 particularly lately with this Commission on
29 Publications a number of people that I know have
30 no connection with the publishing business or



1
2 the advertising business have asked questions
3 of me because I am in the publishing business.
4 They will say "Do you think this is serious" and
5 "What is wrong with these Canadian issues, are they
6 not Canadian magazines?" That is what I am basing
7 my opinion on.

8 COMMISSIONER BEAUBIEN: On page 6, paragraph
9 21, I would gather from that paragraph that you
10 consider your industry to be compared with secondary
11 industry in this country?

12 MR. KINGSLAND: No, I do believe however
13 that as an industry it is now in the consumer area
14 anyway and certain of the trade fields. I believe
15 we should and I believe I pointed out earlier that
16 the publishing industry as such, with the exception
17 of the agricultural implement industry is possibly
18 the only one without some form of protective
19 legislation. I think that is more what I was getting
20 at there.

21 COMMISSIONER BEAUBIEN: Well, in these
22 industries, for instance, if the American magazines
23 were open to them do you think they could make a
24 go of it in competition with --?

25 MR. KINGSLAND: Do I think Canadian
26 magazines could -- no, sir.

27 COMMISSIONER BEAUBIEN: If the American
28 market was available to Canadian manufacturers.
29 I mean, it has proven successful in agricultural
30 machinery, could it not prove successful in other



1
2 types of manufacturing goods?

3 MR. KINGSLAND: I think in certain areas
4 it could.

5 COMMISSIONER BEAUBIEN: Well, similarly
6 in the printing trade do you think that if the
7 American restrictions were removed that you could
8 operate in the States and thereby widen your market
9 and make yourself that much stronger to face
10 American competition?

11 MR. KINGSLAND: I think it would be
12 like the tail trying to wag the dog; it is a little
13 easier for the dog to wag the tail. It would be
14 difficult.

15 COMMISSIONER BEAUBIEN: Thank you.

16 THE CHAIRMAN: Thank you both very much.
17 We will now take a five minute recess.

18
19 ---Short recess.
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1
2 SUBMISSION OF MR. GEORGE CADOGAN

3 MR. CADOGAN: My name is George Cadogan
4 and I was born in Woodstock Ontario. I worked on the
5 daily newspaper in Woodstock for a few years and I
6 went to the newspaper at Barrie which was a weekly
7 and later became a daily. Ten years ago I bought
8 the Durham Chronicle, a small weekly newspaper.
9 During the time I published the Durham Chronicle
10 I did a small amount of free lance writing and
11 perhaps I should add just now I am in the process
12 of selling this newspaper.

13 First, I wish to thank the Commission for
14 permitting an individual to participate.

15 During the first week of hearings I read
16 newspaper reports but I was saddened because I
17 could not find any suggestions in the initial briefs
18 that seemed to offer much help.

19 It seems to me that Canadian publications
20 could strengthen their position in the battle for
21 the advertising dollar if Canadian citizens could
22 be assured of freedom in their choice of reading
23 matter.

24 Towards this end I went to the office of the
25 Davis Magazine Subscription Agency on King Street
26 in Toronto. I tried to place an order in my name
27 for the United States edition of the Reader's
28 Digest. I also tried to place an order for a
29 subscription to the United States edition of Time.
30 The ladies in the office conferred and advised me



1 these editions were not available to Canadians.

2
3 From there I went to a newstand. Although
4 most magazines were from the United States, I could
5 not find a United States edition of Reader's Digest
6 nor could I find a United states edition of Time
7 on the Canadian newsstand.

8 May I be permitted to enter two letters
9 at his point. On November 19, 1960 from Durham
10 Ontario I wrote a letter to the circulation department
11 of Time Magazine as follows:

12 " Gentlemen:

13 Enclosed is my cheque for seven
14 dollars. Please enter a subscription
15 to the United States Edition of Time
16 Magazine to be sent to:

17 George Cadogan,
18 PO Box 200,
19 Durham, Ontario,
20 Canada.

21 Yours very truly,

22 George Cadogan.

23 P.S. The Canadian edition of Time is
24 available on the newsstands here but
25 what I wish is a subscription to the
26 U.S. edition."

27 On December 5, 1960 I had a letter from
28 the Time Subscription Service Division in Chicago:

29 "Dear Mr. Cadogan:

30 We haven't been able to enter your



1
2 order for which you sent us the check
3 for for \$7.00 on November 19 because you
4 asked that we send the U.S. edition
5 of TIME to you at the address below.
6 Advertising restrictions prevent our
7 sending the U.S. edition to Canadian
8 subscribers or the Canadian edition to
9 U. S. subscribers.

10 Since I'm not certain as to whether or
11 not it will be satisfactory to enter
12 your subscription for the Canadian
13 edition of TIME, I'm holding up entry
14 of the order pending your instructions.
15 If it is not satisfactory to send the
16 Canadian edition, note that on this
17 letter and return it in the enclosed
18 envelope and I'll see that the order
19 is entered promptly. If not, your
20 remittance will be refunded. An
21 envelope is enclosed for your convenience.

22 Sincerely,

23 Jan Purcell
24 for TIME."

25 I might say on the same date, November
26 19, I sent a cheque for \$3.00 to Reader's Digest
27 in the United States and up to the present time
28 I have not heard anything from them.

29 I submit that this situation is an
30 interference with freedom of choice in reading matter



1
2 that is not necessary in Canada.

3 I would ask this Commission to consider the
4 advisability of recommending to the Canadian
5 Government that steps be taken to assure a freedom
6 of choice for Canadians of all publications, whether
7 printed in this country or elsewhere.

8 Now I have a suggestion as to how this
9 might benefit Canadian publishers.

10 Some years ago there was a moving picture in
11 which two service station operators were engaged in
12 a gasoline price war. The fuel cost them five cents
13 and they were selling it at seven cents -- until they
14 began to cut prices.

15 When dealer A reduced his price to 6 cents
16 the man across the street cut his price to five
17 cents.

18 When dealer A went to four cents, dealer
19 B cut his price to three cents.

20 Dealer A. went to two cents and thus
21 was losing three cents on each gallon.

22 At this point dealer B offered gasoline
23 "Free". When a customer drove in, dealer B asked,
24 "How many gallons?" If it was five he gave to motorist
25 ten cents and sent him across the street to buy it.

26 Dealer A lost three cents each time
27 dealer B lost two cents.

28 There is no reason why a similar tactic
29 could not be applied to the magazine business in
30 Canada.



1
2 As I understand it the mass circulation
3 magazines do not make money on subscriptions. A huge
4 circulation is an advantage only because it attracts
5 a large volume of advertising.

6 Here is a small item of evidence. It is a
7 receipt dated October 13, 1960. The amount is \$3.00
8 for a subscription to MacLean's Magazine but the
9 receipt is from the Curtis Publishing Company of
10 Philadelphia.

11 This is merely to point out that subscription
12 salesmen employed by one company often sell
13 magazines published by a rival company,

14 It occurs to me that it would be a good idea
15 for the Canadian periodical industry if a continuous
16 sales campaign was waged to wean Canadian readers
17 away from the Canadian editions of Time and Reader's
18 Digest and convert them to the United States editions.
19 What I am suggesting is that subscription salesmen
20 hired by MacLeans and Liberty and all the other
21 Canadian publications stop undermining their own
22 business. Rather than offer only the Canadian
23 editions of Time and Reader's Digest in their
24 list they should also offer the United States editions.

25 By taking advantage of such special offers
26 and by sacrificing their own commissions it should
27 be possible for these Canadian companies to offer
28 Reader's Digest (the United States edition) at
29 \$1.00 or \$1.50 annually. Corresponding bargains
30



1
2 could be made available to Canadians for the
3 United States edition of Time.

4 If a salesman offered me a subscription to
5 a \$3.00 magazine at \$1.50 and told me I would be doing
6 the patriotic thing by accepting this bargain I
7 would be willing to transfer them from the Canadian
8 to the United States edition of Reader's Digest.
9 Similarly with Time

10 I am sure hundreds of thousands of Canadians
11 would be persuaded to do likewise.

12 Furthermore - these United States editions
13 should be available on the newsstands in Canada -
14 right alongside the Canadian editions.

15 And, I submit, magazine subscription
16 agencies in Canada should be assured they have the
17 right to sell the United States editions at the
18 same rates and special offer prices as the editions
19 said to be published in Canada,

20 With such a campaign in operation I believe
21 the circulation of three or four hundred thousand
22 Reader's Digests in Canada could be transferred
23 to the United States edition. A corresponding change
24 could be made with regard to Time.

25 Advertisers who base their campaigns solely
26 on circulation figures would then transfer their
27 millions of dollars to bona fide Canadian publishers.

28 Of course, Reader's Digest and Time and
29 any other United States publications affected would
30 attempt to put obstacles in the way of such a



1
2 program.

3 However, the basis of this submission is
4 freedom of choice of reading matter for Canadians.
5 I am pleased to note that Time and Reader's Digest
6 endorse this stand.

7 To protect Canadian publishers against
8 unfair competition by their United States rivals I would
9 ask this Commission to make recommendations to
10 the Canadian Government in this respect.

11 If any barriers are placed in the way to
12 prevent Canadians (as they are now) from buying and
13 reading the United States editions, then I submit our
14 Government would be perfectly justified in placing
15 a limitation on the circulation of Canadian editions.

16 One thing more - I submit Canadians should
17 own and operate the periodical distribution systems and
18 also the subscription agencies in Canada. We have
19 laws which require that broadcasting stations in
20 Canada must be owned by Canadians. Surely we have
21 a right to the same protection in the distribution
22 of periodical printed matter.

23 And now to conclude @ At the present time
24 Canadians are being subjected to censorship in their
25 reading matter by publishers in a neighboring
26 country. This censorship, by Time and Reader's Digest,
27 has the effect of coercing Canadians to buy certain
28 editions of their publications - or none at all.

29 I submit that steps should be taken to bring
30 an end to this form of censorship as it affects



1 Canadians.

2 As a Canadian citizen I would like to
3 feel that I have freedom of choice in respect
4 to periodicals.

5 COMMISSIONER JOHNSTON: We can always
6 expect something original from Mr. George Cadogan.
7 I am interested, particularly, in the letter you
8 received from the United States edition of Time
9 printed in Chicago and edited from New York. It
10 is because of the advertising restrictions; would
11 you guess as to the nature of those?

12 MR. CADOGAN: I really do not know anything
13 about the magazine periodical business.

14 COMMISSIONER JOHNSTON: Would it be or
15 could it be that they had guaranteed to the Canadian
16 advertisers that they would not put the United
17 States edition in this market? Would that seem to
18 you to be a good guess or a poor guess?

19 MR. CADOGAN: Well, as I say, I do not
20 feel qualified to comment on that. In presenting
21 this brief my only thought was that I think ideas
22 often have a chain reaction and I thought this might
23 start someone else thinking along these lines and
24 perhaps something would come out of it.

25 COMMISSIONER JOHNSTON: I have heard that
26 one way around it is to subscribe in Buffalo and
27 it will go through without anybody noticing it is
28 a Canadian address. It is a strange thing that we
29 cannot get what we want. We can buy books, we have
30



1 freedom there. Now, Mr. Cadogan, your brief
2 will get great consideration. We always manage
3 some way or other to have something refreshing
4 every day outside of the coffee break.
5

6 You are a fiction writer too, are you not?

7 MR. CADOGAN: No, my wife has written
8 some fiction but I have done only articles.

9 COMMISSIONER JOHNSTON: Do you market
10 fiction or what is her experience with it?

11 MR. CADOGAN: Well, I had a little bit
12 of a connection sometime back relating to my wife
13 but a few years ago I did a market report for
14 Reader's Digest in the United States on the
15 fiction market in Canada and at that time I was
16 talking to various editors. However, there has been
17 some considerable changes in the fiction market since
18 that time. If you have a moment I could say something
19 about it. At that time, I believe there were four
20 major magazines in Canada for short stories, the
21 Toronto Star Weekly, MacLean's, Chatelaine and the
22 Canadian Home Journal and they were paying
23 approximately \$200 to \$300 for a story.
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1
2 One of those magazines, of course, is no longer in
3 existence. Macleans has practically stopped using
4 fiction; it hasn't now for months. The Toronto Star
5 Weekly, the last time - I know of one case where a
6 story was sent in and then it was sent back and they
7 said it was very nice but they were not doing fiction
8 any more and that it is simply backlog.

9 COMMISSIONER JOHNSTON: It is the Star Weekly
10 that said this to you?

11 MR. CADOGAN: Yes. So, there are a few markets
12 which are practically out, and I understand that the
13 latest development is that the one remaining market has
14 transferred its fiction offices to New York City and the
15 fiction is submitted there and the fiction editor of
16 this magazines lives in New York City.

17 THE CHAIRMAN: Of which magazine?

18 MR. CADOGAN: Chatelaine. I think, really,
19 that the writing of short stories in Canada is rather
20 discouraging if you are thinking of Canadian markets for
21 them.

22 COMMISSIONER JOHNSTON: If we had more magazines
23 there would be more markets. Is that your feeling?

24 MR. CADOGAN: No, I feel that the editors of
25 Canadian magazines - I got the impression when I was
26 doing the market report four or five years ago that they
27 just didn't particularly appreciate fiction. They
28 personally didn't like it and didn't understand it and
29 wished that they didn't have anything to do with it, and
30 they as much as said so. Then, so many magazines have



1 largely less fiction in recent years and they have been
2 concentrating more on articles. They say that the
3 readers are not interested in fiction and they are
4 interested in articles.

5 COMMISSIONER JOHNSTON: You live in Durham?

6 MR. CADOGAN: Yes.

7 COMMISSIONER JOHNSTON: And you own the Durham
8 Chronicle?

9 MR. CADOGAN: I am in the process.

10 COMMISSIONER JOHNSTON: Do you think that you
11 could live elsewhere and edit the Durham Chronicle?

12 MR. CADOGAN: I had a hard enough job trying
13 to edit it while I was there.

14 COMMISSIONER JOHNSTON: Well, Time thinks it
15 can produce its Canadian edition from New York so far as
16 the editorial matters are concerned. Do you think you
17 could live in Woodstock, say, and edit the Durham
18 Chronicle?

19 MR. CADOGAN: Well, the way I feel about it
20 and the way I think most weekly editors feel is that they
21 have an obligation in their work. That is, for ten years
22 I wrote from one to four editorials a week, and they
23 take time. You write them and rewrite them, and then
24 think of something else and rewrite them again.

25 Well, as far as the business end of the paper
26 was concerned and the circulation, I would have been just
27 as well-off financially if I had never wasted any time
28 on editorials. I don't think it helps sell the papers,
29 or anything, but I think the papers should have editorials.
30



1
2 COMMISSIONER JOHNSTON: I am sorry to hear
3 you say that. One of the greatest editorial writers in
4 Canada is sitting on my right. That is all.

5 THE CHAIRMAN: Thank you very much, sir.

6 SUBMISSION OF CHARLES de VERTEUIL

7 Appearance: Charles de Verteuil

8 THE CHAIRMAN: Will you identify yourself,
9 please?

10 MR. DE VERTEUIL: My name is Charles de
11 Verteuil of Iliffe and Sons, and we publish the Wireless
12 Press and Kelly's Directories, both of whom are members
13 of the Mirror Pictorial.

14 THE CHAIRMAN: Proceed.

15 MR. DE VERTEUIL: I have come to speak on this
16 explosive subject as the Representative in Canada of some
17 of the world's leading and, outside of North America,
18 best known technical and general publications, whose
19 circulations outside of their country of origin are in
20 many cases the world's highest. These are the products
21 of British publishers.

22 Why aren't they well-known in Canada?

23 First of all I propose referring to a brief I
24 submitted some time ago to a Canadian Trade Mission which
25 was then touring the United Kingdom in an endeavour to
26 see what could be done to promote a greater flow of trade
27 between Britain and Canada. My brief was on the subject
28 of increasing the flow of British publications in Canada,
29 widening their availability and circulation, and thereby
30



attempting to help accomplishing the following:

1. Put before the Canadian Public descriptions, illustrations, and the accessibility and merits of a whole range of British goods, capital as well as consumer.
2. Make more dollars available to Britain so that Britain could buy even more from Canada.
3. Help the Canadian Public basically to become more conditioned to the use and purchase of many British goods, again both capital and consumer, that could be imported from Britain very competitively.
4. Help stem the tide of American Publications overflowing the Canadian market.
5. Help to propagate the British way of life.

Canada is known to all British periodical publishers as the most difficult English speaking area in the world from the point of view of promoting their journals, not because of competing Canadian publications, but mainly because of the wholly disproportionate and overwhelming circulation of American periodicals, and the control these American companies have on the outlets.

When it is considered that some American magazines such as THE STORY, SATURDAY EVENING POST, and LADIES HOME JOURNAL, have circulations in Canada alone in the 150,000 range per issue, and that the closest British competitor which is an isolated case, has a circulation of some 15,000 per issue - the world circulation, incidentally, of this particular periodical is well over two



1
2 and a half million - it is interesting to ponder why
3 this astounding difference in circulation occurs.

4 The subject matter, for example, of American
5 magazines, particularly those such as TRUE STORY, is
6 mostly fiction, which I contend is no better and no more
7 interesting and in many cases no more indigenous to the
8 Canadian public than that contained in British counter-
9 parts.

10 It can be said, however, that American maga-
11 zines advertise and describe products with which Cana-
12 dians are familiar. But this is a vicious circle; the
13 Canadian becomes familiar with these articles because he
14 reads about them, then he buys them, and then again he
15 wants to read about them. If you want to sell British
16 products it is a good thing to put them before the
17 public and this is where the periodical press does a
18 vital job behind the scenes. The same can be said of
19 culture, way of life, news - the average Canadian knows
20 far more about the shape, size, weight, and welfare of
21 Mrs. Kennedy and her baby than about Mrs. Diefenbaker;
22 whether this is a good thing or not is beside the point.

23 Main difference between British and North
24 American Sales: In Britain a customer invariably asks
25 for his journal, which in most cases is either ordered,
26 or kept back for him, and you have a much greater loyalty
27 to a particular publication. The average British consu-
28 mer is pre-sold by newspaper advertising and other
29 means of publicity.

30 Here, there is no doubt, in my mind, anyhow,



1
2 the vast majority of sales result because a magazine is
3 easily available and on view. In nearly every case, I
4 think it can be stated that the circulation of any
5 periodical in Canada depends on the situation at the
6 point of sale.

7 Here, Mr. Chairman, I will digress by saying
8 that I am not talking about controlled circulation,
9 which is quite a different thing as far as I am concerned.

10 This is born out by the phenomenal sales of,
11 for example, T.V. GUIDE which has been made available
12 even at the rack of a pay desk on the way out when
13 paying a grocery bill.

14 The method of distribution in North America
15 also astounds the British newsagent. In the United
16 Kingdom a newsagent sends in his order according to a
17 specific demand and has order forms for this purpose.
18 You cannot get this service here. A man comes round in
19 a truck and throws a pile of stuff at you, which the
20 distributor has selected under an extraordinary system
21 known as scaling.

22 It now follows that if a distributor is
23 controlled by a particular group of publishers his
24 selection will be extremely prejudiced, and if you are
25 not a member of a controlling group you have little
26 chance. This does not take into account what the man
27 in the street would like to read. I will come to this
28 point again shortly.

29 All the leading American houses employ person-
30 nel who constantly approach dealers at their news-stands



1 and who physically arrange their own publications to the
2 best advantage. In most cases the dealer who relies on
3 other products for his bread and butter income - cigar-
4 ettes, candies, cards - and knowing little about the
5 techniques of volume selling with such a confusing array
6 of titles, lets the representative arrange the stand for
7 him.

8 Can a British publisher compete here? No, not
9 equitably, because the outlets in Canada are now very much
10 in the hands of a few American companies. To compete the
11 British companies would have to start at enormous expense
12 their own distributing organisations. Why should they
13 when they can sell very satisfactorily in the rest of the
14 world where competition is reasonable.

15 What does this mean to the Canadian reader? It
16 means that he is deprived of easy access to journals,
17 both technical and general, which in their field I submit,
18 are the best in the world.

19 This brings me to the question of the freedom of
20 the press. There have been heard howls of protest from
21 unctuous custodians of a free press about the nature of
22 these hearings. Does this mean by implication that this
23 Royal Commission, that Canada, is arbitrarily deciding
24 what should be printed in the American journals if they
25 are to be sold in this country - No, of course not! They
26 are deciding what happens to these freely printed words
27 after they have been written and published in the domain
28 of a purely business procedure. There is no restriction
29 for example, on how one invents or builds, for example, a
30



1
2 steam shovel. But there is going to be trouble if one
3 starts dumping an overflow production. In my submission
4 the hallowed freedom of the press is in no way involved.

5 It could be argued that it is involved but in a
6 reverse way. Why, for example, are first-class journals
7 which many Canadians would like to read, not accessible?
8 The Royal Commission is sitting, presumably, not to
9 restrict the freedom of the press, but on the contrary, to
10 investigate a restriction which might already be in effect,
11 and if so, to remedy it.

12 British distributors have found that immediately
13 a retail outlet prominently displays their journals an
14 increase in sales results. My own experience amply bears
15 this out. There are not many such outlets available and
16 these have to fight fierce competition.

17 It has been argued that the big circulations of
18 American publications proves irresistibly that Canadians
19 want them and that nothing must be done to hinder their
20 sale. But is this argument valid? My experience has
21 shown that in many cases they are bought simply because
22 they are there, and not because there is any particular
23 desire for them as such. I do not dispute that some of
24 these American publications are original and have a first-
25 class public appeal.

26 The argument, however, becomes decisive when
27 these American publications start calling themselves
28 Canadian. I submit that these so-called Canadian
29 editions are ridiculous and laughable. Why don't these
30 American publications come in to Canada as American



1
2 instead of assuming this masquerade; surely they do not
3 suffer from an innate sense of guilt! British publishers
4 selling in Canada have not indulged in this absurdity.

5 In the past British publishers have tried hard
6 to sell their periodicals in Canada. However, because of
7 the dynamic and overwhelming American competition, there
8 is a tendency among some of them to look upon this market
9 as a kind of annex to the United States.

10 Not many publishers today could exist out of
11 revenue from the sales of journals alone. Why then do
12 American publishers go to such lengths to increase circu-
13 lation in a relatively restricted market? The answer is,
14 in most cases, of course, that they are in the hunt for
15 a slice of the very valuable Canadian Advertising budget.

16 To my mind there is no doubt that the protests
17 from Canadian Publishers is based on this serious loss of
18 advertising revenue, and not as some would lead one to
19 think, on a deep altruistic concern for the cultural wel-
20 fare of Canada or the retention of a separate National
21 Identity. Canadian publishers, I feel, are like their
22 British and American brethren; first and foremost business-
23 men.

24 Advertising: If a publication has a high circu-
25 lation, and for a given amount of dollars does a better
26 job in selling a product than competitors, why should a
27 restriction be put in the way of a Canadian advertising
28 agency or his client in using this media? Should the
29 fact that this media be British or American be allowed to
30 have any bearing?



1 Foreign advertising has been taxed in the past.

2 In my opinion to tax advertising direct is to put the
3 cart before the horse; something like taxing an indivi-
4 dual after he has bought an article. By taxing adverti-
5 tising one is saying in effect: "Here is something doing
6 a more efficient job than we are - let's discriminate."
7 To raise a foreign publication's advertising rates by
8 taking arbitrary legal action does not restrict circula-
9 tion directly, probably would have no effect on the volume
10 of advertising, and might even, in the long run, have an
11 adverse effect, because a greater slice of the budget
12 would be needed to carry on in what would still be a good
13 media for advertising.
14

15 The question is not - "Here it is - let's attack
16 it!" but - "Why is it here? How is it circulating so
17 effectively? Are the means whereby this terrific and
18 disproportionate circulation achieved reasonable and fair
19 or not?"

20 That, in my opinion, is the crux of the situa-
21 tion. If these means are unfair and untenable, action
22 should be taken at the source of operations. At this
23 point I ponder what the situation would be if Canadian
24 publications were flooding the American market.

25 May I digress for a few seconds again. I have
26 heard a lot of views expressed about the Americans being
27 very free and welcoming ideas in their country, that they
28 like to have them, and so on, and in connection with this
29 I would like to say that British books not so long ago
30 were taxed 25% on entering the United States market.



1
2 This dropped to 15%, 7½% and then to 5%, and the British
3 are now having a war with the United States whether they
4 should abolish the whole thing completely.

5 Trying to assess this question objectively I
6 must apply a simple test - Can this British journal, a
7 leader throughout the world, liked and bought by many
8 peoples, be tested fairly in a specific Canadian market?
9 The answer for me is NO. The competition to be encountered
10 here would be unreasonable and uneconomic; I hesitate to
11 use the word unfair.

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2 There are many other aspects about which I
3 would like to comment - Postal Regulations; the dumping
4 of intangible editorial costs, and creative impulses;
5 whether intangibles can be materially taxed; and as
6 a published author myself, the question of opportunities
7 for writers in Canadian journals, and so on. But I
8 do not want to take up too much of this Commission's
9 valuable time.

10 Finally, you might ask me; "If British
11 publications are so difficult to promote in Canada,
12 what are you doing here?" The answer is that I watch
13 the interests of British publications from the point
14 of view of circulation, in some cases the editorial
15 content as applied to Canada, but above all I take
16 Canadian advertising for British publications. I
17 do not compete with Canadian publications because no
18 British periodical to my knowledge claims, with one
19 unique exception, that it can sell Canadian products
20 in Canada in competition with American and indigenous
21 media. But if a Canadian company, and there are quite
22 a number of them, wishes to sell its products outside
23 of Canada, to export, get their products known in every
24 part of the world, there are still no other publications
25 either in the United States or anywhere else that can
26 approach the huge international circulations of British
27 publications, particularly in specialised fields. The
28 world's biggest publishing amalgamations are in London,
29 and not in New York.

30 May I quote four lines which I discovered



1
2 recently from Business Week to give you an idea. This
3 is under an article headed, "Press Lords slug it out
4 on Fleet Street", published in Business Week. This
5 is a reference to the purchase of the Amalgamated
6 Press by the Mirror:

7 "So big is the Amalgamated group of magazines
8 that (including Kelly's Directories) that
9 the Mirror later discovered it had bought
10 Conde Nast in the package. For financial
11 reasons the Mirror quickly sold Conde Nast
12 (Vogue) Glamour) to American interests for
13 a nice profit."

14 So, you see, Americans are not the only ones
15 who take a bit of opportunism.

16 Certain American Publishers can relax; News
17 from the free world fighting the influence of Communism,
18 would go on very effectively even if the last American
19 publication were to die an unnatural death.

20 I will finish by saying that I have not come
21 here to compete as another foreign element. It would
22 be difficult for the Representative of a British
23 Publisher to be classed as foreign competition while
24 speaking before a Royal Commission. I hope this great
25 privilege, in spite of the most overwhelming odds,
26 will continue for many years to come.

27 THE CHAIRMAN: This is a very interesting
28 brief, and I think we will reserve discussion on it
29 until tomorrow.

30 ---Adjourned until Friday, December 16, 1960, at 10:30a.m.

ROYAL COMMISSION ON

Publications

HEARINGS

HELD AT

TORONTO

VOLUME No.:

DATE:

23

DEC 16 1960

OFFICIAL REPORTERS
ANGUS, STONEHOUSE & CO. LTD.
372 BAY STREET
TORONTO
EM. 4-7383 EM. 4-5865



1
2 ROYAL COMMISSION ON PUBLICATIONS

3
4 Proceedings of hearings held in
5 Simcoe Hall, University of Toronto,
6 in the City of Toronto, Ontario,
7 on the 16th day of December, 1960,
8 et seq. at 10.30 a.m.

9
10 COMMISSION:

11 M. GRATTON O'LEARY Chairman

12 J. GEORGE JOHNSTON Member

13 CLAUDE P. BEAUBIEN Member

14
15 -----
16
17 P. MICHAEL PITFIELD Secretary

18 G. H. QUINN Administrative
19 Officer

20
21
22 -----
23
24
25
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27
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29
30



ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

I N D E X

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1
2 ---On commencing at 10.30 o'clock a.m.

3
4 SUBMISSION OF CHARLES DE VERTEUIL (continued)

5
6 THE CHAIRMAN: Mr. de Verteuil, I was not
7 clear yesterday as to just what type of British
8 publication you represent?

9 MR. DE VERTEUIL: I represent mainly the
10 Iliffe range.

11 THE CHAIRMAN: I know the papers.

12 MR. DE VERTEUIL: Motor Car, Flight, Wireless
13 World -- about 30 of them.

14 THE CHAIRMAN: What difficulties do you
15 encounter in getting Canadians to buy these
16 publications?

17 MR. DE VERTEUIL: Well, the main difficulty
18 is to get it where the Canadians can see it and buy
19 it.

20 THE CHAIRMAN: Well, is not the time
21 factor important?

22 MR. DE VERTEUIL: No, not altogether. These
23 sell very well in Australia. For instance, the
24 circulation of this one in Australia is 3 times what
25 it is in Canada so that is not an insurmountable
26 problem.

27 THE CHAIRMAN: Well, what is your difficulty
28 in getting them displayed so they can sell?

29 MR. DE VERTEUIL: Well, there are quite a
30



1
2 number of problems. One problem is that you have
3 to compete against a system of sale and return which
4 is done here very prevalently. It would be
5 extremely expensive to shoot over hundreds of
6 copies of magazines like this on the off chance
7 that you will sell them. We are prepared to do that
8 on a small scale.

9 THE CHAIRMAN: Who are your distributors?

10 MR. DE VERTEUIL: : Well, they are distributed
11 by Gordon and Gotch, Davis, Dawson -- they take
12 subscriptions and I do myself. You will probably
13 be interested in knowing that at the moment we have
14 this scheme whereby we are sending a total of 6,000
15 free issues of some of our publications to selected
16 recipients in Canada and after they have received,
17 I think it is 6 issues, we then send a letter
18 saying "Do you like this? Is it interesting? What
19 about taking out a subscription?" That is another
20 way of having a go at it.

21 THE CHAIRMAN: Have you many mail subscriptions
22 in Canada?

23 MR. DE VERTEUIL: No, not many. We have
24 discovered that the Canadian market is the most
25 resistant to mail solicitation, even more so than
26 the United States. This is understood because the
27 Canadians are being bombarded from every quarter.

28 THE CHAIRMAN: Where do you get the bulk
29 of your sales in Canada, your subscriptions?
30



1
2 MR. DE VERTEUIL: In which area? I think
3 it is widely spread according to perhead of
4 population. Montreal, the French people buy it.

5 THE CHAIRMAN: Iliffe publishes
6 consumer magazines too, do they not?

7 MR. DE VERTEUIL: No, but Amalgamated Press
8 do; Woman's Journal and Woman's Weekly. Woman's
9 Weekly is not much of a thing to look at, a little
10 pink thing that I think has the highest circulation
11 of any British periodical in Canada; some 15 or 16,000
12 a week I understand.

13 THE CHAIRMAN: In Canada?

14 MR. DE VERTEUIL: In Canada.

15 COMMISSIONER JOHNSTON: What publication
16 was that?

17 MR. DE VERTEUIL: Woman's Weekly. In my
18 opinion it is rather a tacky looking thing but it
19 sells. Now, I am talking about newsstand sales because
20 I do not think the subscription sales are much. The
21 world circulation of that is 2½ million.

22 THE CHAIRMAN: Do you have any trouble
23 with the newsstands in getting them to display your
24 magazines?

25 MR. DE VERTEUIL: Yes.

26 THE CHAIRMAN: What is your trouble?

27 MR. DE VERTEUIL: The only trouble is
28 they are already committed.

29 THE CHAIRMAN: Committed to whom?

30 MR. DE VERTEUIL: Committed to taking



1
2 magazines which are sent to them by centralized
3 wholesalers and distributors. I think a good
4 way of illustrating what I am saying is to point
5 out that MacLean Hunter, I think I am right in
6 saying, are forced into using Curtis which are an
7 American distributor and Consolidated Press
8 people will have to the same thing. I think that
9 is rather a shame.

10 THE CHAIRMAN: Let us take a concrete
11 case; one of the good newsstands in Toronto, I
12 understand, is Eaton's.

13 MR. DE VERTEUIL: Yes.

14 THE CHAIRMAN: Are you displayed there?

15 MR. DE VERTEUIL: Simpson's -- May I switch
16 them? Simpson's, as a matter of fact, we have a
17 very good display. They actually put aside so many
18 feet of their display stand and the whole of that is
19 taken up with British periodicals.

20 THE CHAIRMAN: Do W. H. Smith and Sons
21 have a display?

22 MR. DE VERTEUIL: They do a very good
23 job. They have a new manager whom I spoke with
24 the other day and he said that he is emphasising
25 the British display and he is increasing their
26 sale. Wireless World when he came was not even
27 available and now he is selling 70 copies a month.

28 THE CHAIRMAN: There is a very good
29 magazine in England called Queen.

30 MR. DE VERTEUIL: Yes.



1 THE CHAIRMAN: Does it have a sale in
2 Canada?

3 MR.DE VERTEUIL:As far as I know it is
4 negligible, I have never seen Queen and do not
5 know anything about it. It is good, I know that.

6 THE CHAIRMAN: It struck me as one of the
7 very, very good magazines in England.

8 MR.DE VERTEUIL: I have never seen it.

9 THE CHAIRMAN: W. H. Smith in Ottawa have
10 a British display of newspapers and weeklies and reviews
11 and magazines.

12 MR.DE VERTEUIL: Yes.

13 THE CHAIRMAN: Do you know anything about
14 that? Are any of your publications there, do you
15 think?

16 MR.DE VERTEUIL: Would there be some of ours
17 there?

18 THE CHAIRMAN: I am asking you?

19 MR.DE VERTEUIL: Yes, of course there
20 would be because this particular group I suppose has
21 50% of the British periodicals from the worst to
22 the best tied up in our organization.

23 THE CHAIRMAN: Do any of your publications
24 seek advertising, Canadian advertising?

25 MR.DE VERTEUIL: Receive it?

26 THE CHAIRMAN: Try to get it?

27 MR.DE VERTEUIL: Of course we do.

28 COMMISSIONER JOHNSTON: Do you get any?

29 MR.DE VERTEUIL: Oh, yes.
30



1 THE CHAIRMAN: Well then, what exactly
2 is your problem?

3 MR.DE VERTEUIL: I have no problem.

4 THE CHAIRMAN: No problem except the
5 difficulty of getting Canadians to buy your
6 magazines?

7 MR.DE VERTEUIL: I have not a problem
8 because I refuse to try and solve what could be a
9 problem. I have decided and many British publishers
10 have decided that it is extremely difficult. We are
11 here to do what we can and we seek Canadian
12 advertising because British publications have the
13 finest international circulation in the World and
14 if the Canadian wants to sell his products outside
15 of Canada to export, to get them known throughout
16 the world, he can do no better than come to a British
17 periodical; that is, most advertising, not all,
18 is on that basis because someone in Canada wants
19 to sell an aeroplane or one thing or another.

20 THE CHAIRMAN: Do you do much promotion
21 in Canada along that line? How do you try to sell
22 your magazine? What line do you follow in getting
23 Canadians to buy your magazines?

24 MR.DE VERTEUIL: Well, there is a
25 subscription scheme which I have just mentioned;
26 there is mail solicitation which go out every now
27 and again. Other than that there is nothing, I
28 should not think; they have tried in the past.

29 THE CHAIRMAN: Are the postal rates
30



1
2 prohibitive?

3 MR. DE VERTEUIL: No, they are very good.
4 It costs just the same to send a magazine from
5 London to Canada as from Birmingham to London.

6 THE CHAIRMAN: How long does it take to
7 get a magazine from London to Canada?

8 MR. DE VERTEUIL: Two weeks by surface.
9 I have had people come to me and say they wanted
10 Wireless World and we have shoved it through by
11 air and it was back in ten days but that is
12 exceptional.

13 THE CHAIRMAN: And expensive?

14 MR. DE VERTEUIL: That was by surface. It
15 just happened to catch a boat.

16 THE CHAIRMAN: If you missed a boat you
17 are just out of luck. I know about this because I
18 get a number of these publications myself.

19 MR. DE VERTEUIL: Yes, it depends on the
20 season. Sometimes Halifax during the winter has
21 a slight delay.

22 THE CHAIRMAN: Is its circulation increasing?

23 MR. DE VERTEUIL: Yes.

24 THE CHAIRMAN: Do any of the other British
25 houses, publishing houses in England, do they
26 promote their magazines too?

27 MR. DE VERTEUIL: To be absolutely honest,
28 I do not think you could call their efforts here
29 promotion. You can turn around and say to me, "Could
30



1
2 it be said that the Americans have succeeded and
3 the British have failed in the market?"

4 THE CHAIRMAN: They leave it to the
5 Canadians to find out for themselves?

6 MR. DE VERTEUIL: Well, the answer to that
7 is you might argue the British have been very
8 successful in estimating the true situation here
9 and not wasting a lot of money exploiting it.
10 One can hardly call a billion dollar organization
11 failures.

12 THE CHAIRMAN: The true situation is
13 what?

14 MR. DE VERTEUIL: The true situation is --

15 THE CHAIRMAN: You say the British have
16 estimated the true situation, what is the true
17 situation?

18 MR. DE VERTEUIL: The true situation is
19 these big British houses do a roaring trade
20 throughout the World, particularly in the English
21 speaking areas, Australia, South Africa, India
22 and other places. They are making money, they are
23 doing well in their own country and it would be
24 a great expense for them and a terrific risk to
25 come out here to Canada and to compete on an
26 equal basis. They would have to start their own
27 distributing organizations. I mean, you can say
28 "Why don't they do what MacLean does, ask Curtis
29 to do the job for them". The situation is different.
30 After all, Curtis takes MacLean's, I think they must



1
2 take MacLean's because MacLean's is in the country in
3 which they are housed and they are helping MacLean's;
4 they are making money. If I come along as a
5 Britisher I might approach Curtis and they would
6 say, "What are you doing here, what is the score
7 here? Why should I distribute your stuff?" You see,
8 there is a difference.

9 THE CHAIRMAN: And you do not run into
10 that situation all the time?

11 MR. DE VERTEUIL: I do not run into it.

12 THE CHAIRMAN: The same situation in
13 Australia?

14 MR. DE VERTEUIL: No, it is a different
15 situation there. Of course, I think you have a
16 greater interest, I do not say sympathy, in
17 British products. Another thing is the question
18 of the unfamiliarity of the Canadian to British
19 products relative to his familiarity with American
20 products.

21 THE CHAIRMAN: And Australia has not
22 the same flood of American magazines?

23 MR. DE VERTEUIL: Nothing like it. I can
24 give you actual figures; Flight -- incidentally,
25 we have a circulation in the Russian market for
26 that.

27 THE CHAIRMAN: In the Russian market?

28 MR. DE VERTEUIL: Yes, the U.S.S.R. and
29 eastern Europe, we have 254. In Canada the circulation
30 is 831. This is an aviation magazine and Canada has



1 had and will have again a very good aviation
2 industry. The Australian aviation industry is
3 almost negligible and the population is about one
4 third less. The circulation in Australia is 1,174,
5 more than twice.
6

7 THE CHAIRMAN: What is the total circulation
8 in Australia of all your publications?

9 MR.DE VERTEUIL: I couldnot tell you.
10 I will let you have the figures if you are interested.

11 COMMISSIONER JOHNSTON: On page 2 you
12 say that increasing the flow of British publications
13 in Canada, widening their availability and circulation,
14 and thereby attempting to help accomplish the
15 following:

16 "2. Make more dollars available to Britain
17 so that Britain could buy even more from
18 Canada."

19 Does Britain buy more from Canada when
20 we buy more from them?

21 MR.DE VERTEUIL: Yes.

22 COMMISSIONER JOHNSTON: Are you sure?

23 MR.DE VERTEUIL: I am convinced, pretty
24 well certain, yes, that Britain buys more in
25 dollar value than Canada buys from Britain, in fact,
26 I am sure of it.

27 COMMISSIONER JOHNSTON: The great cry
28 here is that we should buy from Britain so they can
29 buy our Canadian wheat and it seems to me every time
30 they get a Canadian dollar they spend it in the



1 Argentine.

2
3 MR. DE VERTEUIL: I did not get that.

4 COMMISSIONER JOHNSTON: It seems to me
5 every time the British get a Canadian dollar they
6 spend it for wheat in the Argentine.

7 MR. DE VERTEUIL: Surely that is not borne
8 out by the fact that Canada buys more from Britain
9 than Britain ---

10 COMMISSIONER JOHNSTON: In my opinion the
11 argument does not hold that we buy more from
12 Britain and they buy more from us. Britain will
13 buy in the best market to their advantage.

14 MR. DE VERTEUIL: Yes, exactly.

15 COMMISSIONER JOHNSTON: Whether it is
16 Canadian, Argentinian, or what.

17 MR. DE VERTEUIL: I quite agree, anybody
18 has to have a good enough market to compete with
19 the Argentine.

20 COMMISSIONER JOHNSTON: Now, I was reading
21 recently about Northcliffe, and he had a row with
22 W. H. Smith at one time?

23 MR. DE VERTEUIL: Yes.

24 COMMISSIONER JOHNSTON: Do you remember
25 anything about that?

26 MR. DE VERTEUIL: I do not know, I cannot
27 say.

28 COMMISSIONER JOHNSTON: Now, if MacLean's
29 magazine wanted to get on the newsstands in Britain
30 would they find the newsstands were committed, as you



1
2 say?

3 MR. DE VERTEUIL: MacLean's would have
4 a much easier, much more reasonable job to sell in
5 Britain. In fact, may I illustrate how MacLean's
6 is read in Britain today and this is personal to
7 myself. They published a small caricature of myself
8 in connection with a book I wrote as a rebuttal
9 to a thing called Exodus. I had letters from four
10 well known British publishers asking to submit the
11 manuscript for them to read, when I was not tied
12 up when I was in London. I went to see two of the
13 directors and I said "It has astonished me how this
14 little thing in MacLean's was picked up by the
15 British publishers ". One of them said, "I read
16 MacLean's because it gives me ideas of what is
17 happening in Canada." MacLean's is read in England
18 with interest and, in fact, this chap told me he
19 thought MacLean's was an excellent magazine.

20 COMMISSIONER JOHNSTON: Well, I was thinking
21 of general distribution now.

22 MR. DE VERTEUIL: Well, MacLean's would
23 run into trouble there because before you sell
24 a thing your customer has to be interested. What
25 is interesting in England re Canada. I might say
26 the British publications do produce a lot of stuff
27 on Canada. As you know, the Times does this once
28 a year and it is very expensive and very superior
29 reporting of what happens in Canada because they
30



1
2 are interested in Canada.

3 COMMISSIONER JOHNSTON: Yes, but it seems
4 to me you have been discussing general distribution
5 of your magazines in Canada and in England and
6 I think MacLean's distribution would be rather
7 special. They will be on the stand later on and
8 so will the distributor and we will get some further
9 facts I hope.

10 COMMISSIONER BEAUBIEN: Would you classify
11 Flight as a trade publication?

12 MR. DE VERTEUIL: Yes. It is really a
13 mixture of trade publication bought by a considerable
14 number of consumers who are interested in aeroplanes.

15 COMMISSIONER BEAUBIEN: Well, are not
16 most of the trade publications in Canada
17 distributed here on a controlled basis? In other
18 words, they are given away so if you want to give
19 your magazine away --

20 MR. DE VERTEUIL: A very good point. As a
21 matter of fact, one of the bug-bears of selling in
22 Canada is not only American magazines but a whole
23 welter of what you have just called controlled
24 magazines. These controlled magazines chief
25 preoccupation in life is to acquire advertising
26 and a good test of these controlled magazines is
27 to do what we are doing with this subscription
28 scheme we have now; send a letter out after sending
29 so many free copies and see if they will buy it
30



1
2 and I would be surprised if there was 5%.

3 COMMISSIONER BEAUBIEN: Under the controlled
4 system here he gets his revenue from advertising?

5 MR. DE VERTEUIL: Yes.

6 COMMISSIONER BEAUBIEN: None from
7 subscriptions?

8 MR. DE VERTEUIL: No, they do not rely
9 on that.

10 COMMISSIONER BEAUBIEN: In your case the
11 advertising in Flight will be of such a type, it will
12 not be of much use to the advertiser in the U.K. and,
13 therefore, it would not be economical for you to
14 distribute your magazines on a controlled basis.

15 MR. DE VERTEUIL: We would not do it. The
16 British have an horror of controlled circulation.

17 COMMISSIONER BEAUBIEN: They would not
18 find advertisers?

19 MR. DE VERTEUIL: No.

20 COMMISSIONER BEAUBIEN: Is not that the
21 secret of the whole thing, that is why your magazine
22 does not sell because you do not sell magazines,
23 you give them away on a controlled basis and if you
24 do not do that obviously you cannot get your
25 magazine in here?

26 MR. DE VERTEUIL: No. You see, a controlled
27 paper as far as the British public is concerned is
28 not established. I can start a controlled publication
29 up here by producing -- we can do this here by using
30 20,000 envelopes and filching 20,000 addresses and



1
2 putting in 20,000 postboxes and then we say we
3 have a circulation in Canada of 20,000. They refuse
4 to do that because it is not what they call an
5 established circulation. They would not go around
6 and say that Flight has a circulation of 20,000
7 dollars in Canada. I do not think that is fair
8 and British publishers won't do that.

9 COMMISSIONER BEAUBIEN: But that is the
10 way things are done here?

11 MR. DE VERTEUIL: Most emphatically a lot
12 of it is, not all of it. The Canadians have
13 themselves to blame for flooding the market with
14 a considerable amount of this kind of thing.

15 COMMISSIONER BEAUBIEN: Well, that is the
16 way things are done and unless you do it that way
17 I do not see that you have any chance of distributing
18 a magazine.

19 MR. DE VERTEUIL: I think there are a number
20 of them sold, I think Canadian Aviation is sold
21 here.

22 COMMISSIONER BEAUBIEN: That is all,
23 thank you.

24 THE CHAIRMAN: Thank you very much for
25 coming back this morning.
26
27
28
29
30



SUBMISSION OF THE HUGH C. MACLEAN PUBLICATIONS LIMITED

APPEARANCE:

MR. JAMES A. DALY, President.

MR. E. V. MANSER, Vice President.

MR. W. K. JONES, Secretary-Treasurer.

Gentlemen:

This submission is made by The Hugh C. MacLean Publications Limited. We appreciate the invitation to present our views on the important problems under study by the Commissioners.

The Hugh C. MacLean Publications Limited, with head office at Toronto, and branch offices in Montreal, Winnipeg, Calgary and Vancouver, publishes 19 Canadian business and professional magazines, two annuals, a national daily building reports service in French and English; it also owns and operates the Canadian Furniture Mart.

I believe this makes our company the second largest periodical publishing house in Canada in advertising volume and in number of publications.

A list of our publications, and the date of founding of each is appended. (Appendix "A") Copies of the publications, audit statements and any other information is available to the Commission if required.

Several of our publications were founded in



1
2 the early 1880's in the infancy of trade publishing in
3 Canada; others have been established recently to
4 serve new Canadian industries or professions.

5 Our company was founded by the late
6 Major Hugh C. MacLean. His son, Andrew D. MacLean,
7 is presently chairman of our board. Until 1960, a
8 private company owned by members of the MacLean
9 family and senior employees, during the past year
10 control of The Hugh C. MacLean Publications Limited
11 was acquired by The Southam Company Limited.
12 However, we continue to operate as a separate
13 company with our own management and separate board.

14 I might say that during our negotiations
15 for purchase of our company we were very glad to
16 find that The Southam Company shared with us the
17 feeling that the company should be owned by nationals
18 of the country and we do not have any publication
19 properties outside of Canada.

20 Presently, and for some years past, our
21 Company has operated exclusively in the field
22 of business and professional publishing, and allied
23 services. However, in an earlier period, our founder
24 was ambitious to provide the Canadian public with
25 a national magazine, and our Company published "The
26 Canadian Magazine" from 1926 until December 31, 1937.
27 Under new ownership, the magazine continued until the
28 Spring of 1939, when publication was suspended.
29 During our 11 year ownership of "The Canadian
30



Magazine", our revenue and expenses were as follows:

Revenues	Advertising	\$1,053,018.32
	Subscriptions	741,355.51
	Sundry	22,907.03

\$1,817,280.86

Expenses	2,314,538.35
----------	--------------

Loss

\$ 487,257.49

The members of the Commission will appreciate that this loss was substantial considering the advertising rates of the '20s and '30s, and the fact that we carried "The Canadian Magazine" through the depression.

Once again, after World War 2, our Company made a brief but abortive attempt to publish a national consumer magazine entitled "Leisure". After establishment costs, and a six months loss of some \$60,000, publication was suspended.

Both these losses were, of course, wholly subsidized from the revenues of the trade publications, and constituted a heavy burden for the seven trade magazines then published.

Against this background, and with our knowledge of the economics of other Canadian consumer publishing ventures, it is not surprising that there has grown up in our company a generation of management dedicated to the principle that we confine ourselves exclusively to the business and



1
2 professional fields. In these fields we have been
3 successful, and it is in these areas that we would
4 like to present our views to the Commission.

5 Two principle problems concern us: (a)
6 overflow circulation of ~~united~~ United States business and
7 professional magazines and (b) so-called "Canadian"
8 editions and split runs of United States Magazines.
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1 Both of these problems must be considered
2 against a unique background - a situation without parallel
3 between any other two countries in the world.
4

5 The United States and Canada share the greater
6 part of the land mass of North America, but our joint
7 political boundary bisects the natural north-south geogra-
8 phic and economic flow of the continent. Our small popu-
9 lation of 18,000,000 Canadians is spread thinly in a
10 narrow belt along this political boundary, most speaking
11 and writing almost the same language as their 180,000,000
12 American neighbours. Each country is the largest single
13 trading customer of the other, trading billions of dollars
14 worth of raw materials and manufactured goods annually.
15 United States capital is a main stay of the Canadian
16 economy, and in business industry, and the professions,
17 our ties are legion. It is not surprising that American
18 business and professional publications are widely read in
19 Canada; it is more surprising that against this background
20 we have a healthy and vigorous Canadian business press.

21 Now, the point of our submission to you is to
22 keep it that way. We have a healthy and vigorous Canadian
23 business press, we think, but we always think that the
24 camel's nose is in the tent, and that has happened to
25 consumer publications.

26 What are the factors contributing to the present
27 health and success of the Canadian business press? In our
28 opinion they are two-fold (a) the hunger of Canadians in
29 business, industry, and the professions for information
30 and education dealing specifically with Canadian problems



1 (b) the fact that Canadian business publishers have
2 wrought a veritable revolution in the editorial quality
3 of Canadian trade and professional publications in the
4 past twenty years, and that has been wrought by American
5 competition as well as internal Canadian competition.
6 In short, they have given the readers what they want.
7

8 May we submit to the Commission evidence support-
9 ting this desire by Canadians for business magazines with
10 a Canadian viewpoint. (Appendix "B"). This Appendix
11 lists 115 signed and unsolicited comments, each dealing
12 with the "Canadian" aspect of one of our magazines.

13 This is a lengthy Appendix, but it is well
14 worth reading. It expresses the opinions of Canadians in
15 each field served by our publications. You will note the
16 variety of business and professional men - that they are
17 spread from Newfoundland to British Columbia and the Arc-
18 tic - but they are joined by a common hunger - their
19 hunger for Canadian information, knowledge, trends, leader-
20 ship.

21 I would like to read eight typical quotations
22 from the 115 in the Appendix:

23 #3 "I think the magazine is very good and of
24 course being a Canadian magazine makes it much
25 more interesting". (The Canadian Architect -
26 March issue)

27 T. Brywan Campbell-Hope, Dept. of Public Works,
28 Public Works Building No. 2, Edmonton, Alberta.

29 #20 "I like the Canadian atmosphere in your
30 magazine. Most petroleum publications are



1
2 predominantly U.S. as far as statistics and
3 comparisons are concerned. (Petro Process
4 Engineering - July issue)

5 C.F. Williams, Manager, Marketing Administration
6 Services, Shell Oil Co. of Canada Ltd., 505
7 University Avenue, Toronto, Ontario.

8 #28 "Enjoy reading technical articles concer-
9 ning Canadian problems and solutions to these
10 problems submitted by Canadians. You are doing
11 a good job. Keep it up." (Canadian Consulting
12 Engineer - August issue)

13 C. Skene, Algoma Enrg. Ltd., 10032 - 105th
14 Street, Edmonton, Alta.

15 #36 "Very pleased to see a Canadian publication.
16 Keep it Canadian." (Hospital Administration and
17 Construction - May issue)

18 Miss L. Marie Young, Director of Nursing, Archer
19 Memorial Hospital, Lamont, Alta.

20 #69 "The best publication for my purpose at the
21 present time is "Chemical Engineering", that is
22 a U.S. publication. However, it is not a
23 Canadian magazine, and does not recognize
24 specific Canadian problems. While realizing
25 the source and circulation problems inherent in
26 any Canadian magazine, Petro Process Engineering
27 has made a valiant and auspicious start."

28 (Petro Process Engineering - July 1960 issue)

29 George T. Harrap, Asst. Dept. Head, Union
30 Carbide of Canada, 336 Westgate Crescent, R.R.1,



1
2 Rosemere, P.Q.

3 #79 "Devoted to Canadian rather than U.S.
4 business". (Canadian Chemical Processing,
5 September 1960 issue)

6 F.H. Weston, Dev. Engr., Eldorado Mining &
7 Refining Ltd., 215 John Street, Port Hope,
8 Ontario.

9 #81 "Your Journal is very interesting. I am
10 not interested in American articles as they do
11 not reflect on our styles in Halifax". (Shoe &
12 Leather Journal - May 1960 issue)

13 Long's Shoe Co. Ltd., Sidney C.Jakin, Manager,
14 241 Gottingen Street, Halifax, N.S.

15 #104 "I read your magazine and enjoy it consi-
16 derably. There are too few Canadian magazines
17 on the market showing Canadian progress in the
18 electrical field..." (Electrical News and Engi-
19 neering, September, 1960 issue)

20 W.R. Foster, Toronto Hydro Electric Co., 14
21 Carlton Street, Toronto, Ont.

22 I commend the total to your more leisurely
23 study - as it is a valuable insight into Canadian thinking
24 and what I would term the essential area of livelihood
25 reading - not entertainment, nor discretionary reading,
26 but livelihood reading.

27 One last, but important, point in this connec-
28 tion: none of these statements was solicited in this
29 connection - neither for this brief, nor as a result of
30 direct question regarding a desire for Canadian publica-



1 tions. They are by-product comments, from continuing
2 studies carried out by the Research Department of our
3 company to evaluate the editorial job we are doing.

4 Three typical Reader Report Studies, as we term them,
5 demonstrating the technique, and the questions asked are
6 appended for your information (Appendix "C").
7

8 The best evidence of the quality of editorial
9 content of Canadian trade publications of today are the
10 publications themselves. Evidence of reader acceptance is
11 provided by such research techniques as the Reader Report
12 Studies mentioned.

13 But individual examples of editorial service
14 and enterprise abound.

15 (a) Last winter our largest magazine, "Enginee-
16 ring and Contract Record" published a special
17 feature section on the solutions for winter
18 construction problems in Canada. This report
19 was based upon many months of research and many
20 thousands of miles of travel by a team of
21 editors. It was later reprinted and distributed
22 widely by the Canadian Construction Association
23 and the Federal Government as a valuable contri-
24 bution to the program to promote winter construc-
25 tion and alleviate unemployment.

26 (b) Our magazines sponsor international educa-
27 tional visits on occasion. Last year our maga-
28 zine "Canadian Architect" arranged details and
29 itinerary for a large group of Canadian archi-
30 tects to inspect the architecture and building



1 problems of Scandinavia and Northern Europe.
2 Our managing editor accompanied the group as
3 guide and liaison officer. This year the
4 editor of "Canadian Consulting Engineer" accom-
5 panied a distinguished group of Canadian consul-
6 ting engineers on a lengthy circle tour of
7 South America to investigate opportunities
8 there for the employment of Canadian consulting
9 engineering services.
10

11 (c) Our electrical business magazines "Electrical
12 News and Engineering", "Electrical Contracting
13 and Maintenance" and "Electrical Equipment
14 News" jointly sponsored and launched a "Plant-
15 power" program -- an educational activity
16 promoting adequate electrical systems designed
17 to increase the safety and efficiency of Canada's
18 industrial buildings. This programme has since
19 been adopted as a technical service for industry
20 by almost every major Canadian electrical distri-
21 bution utility.

22 The total program, copyrights, promotion,
23 material, etc. was turned over to the Council
24 of the Canadian Electrical Manufacturers Associ-
25 ation and the Electrical Bureau of Canada, for
26 a token payment of \$1.00.

27 (d) Our magazine "Furniture and Furnishings"
28 founded and operates each January annually,
29 Canada's largest trade show, "The Canadian
30 Furniture Mart", which has twice the exhibit



1 space in the Canadian Trade Fair. This has
2 become the major market place for the wholesale
3 buying of furniture in Canada, and exhibits are
4 accepted only from Canadian manufacturers. The
5 savings in travel, time and expense for both
6 buyers and exhibitors are tremendous. There is
7 no doubt that the Canadian Furniture Mart, as
8 an efficient type of modern wholesale market
9 place has held down the prices to consumers of
10 Canadian-made furniture, and helped the Canadian
11 manufacturer to be more competitive.

12 (e) Our daily Hugh C. MacLean Building Reports
13 service is well known in the industry, and to
14 newspaper readers generally. Published in
15 detail in our own "MacLean Building Guide",
16 they are also extensively quoted and used in
17 the industry, in the daily press, and by the
18 Dominion Bureau of Statistics as a useful
19 service of data. They reveal trends in the
20 construction field and the economy long before
21 data is available from any other source.

22 We submit that these are typical examples of
23 the services rendered by our business publications and by
24 other business publications to various Canadian industries
25 and professions. They are noteworthy only because they
26 are in addition to the all-important job of providing
27 regular publication of the news and technical developments
28 in each field. We do not believe that United States
29 publishers would provide similar services if there were
30



1 no distinctive Canadian business press.

2 Such examples could be multiplied many times.
3 Obviously, these instances are generally known only to
4 the publication's own readership. However, it is interes-
5 ting to note that such an example of editorial enterprise
6 often inspires another on the part of the competitive
7 Canadian publication. This is only one reason why a
8 periodical publishing monopoly in this country would be
9 as disastrous for Canadian trade magazine readers as would
10 U.S. domination of the field.

11 However, we do not believe that Canadian
12 publications need be inferior to United States publications
13 and our first line of defence must be editorial quality.
14 In our company, we budget 20% of our overall revenues for
15 editorial costs or expenses - a percentage considerably
16 higher than either the United States or Canadian average
17 for similar publications.

18 The fact that this policy is appreciated by
19 many Canadians is revealed by the following additional
20 quotations for Appendix "B": This is the production of
21 magazines, which by many readers are considered equal to
22 or superior to other magazines, and I think this can be
23 taken from the following quotes and also from Appendix
24 "B".

25
26 #8 "I think it the best magazine for archi-
27 tects produced in Canada - and better than
28 several comparable magazines produced abroad."

29 (The Canadian Architect - April issue)

30 P.J. Cluff, Cluff & Cluff Architects, 416



1 Bloor St. East, Toronto, Ontario.

2 #41 "I like it. I find it compares favourably
3 with McGraw-Hill's "Chemical Week" which is a
4 reading must. However, your publication has
5 the added advantage of its Canadian content".

6 (Canadian Chemical Processing - June issue)

7 J.K. Birdsall, Xzit Chemical Co. Ltd., 1685
8 Franklin St., Vancouver, B.C.

9 #46 "The magazine is QUALITY. It is high-
10 priced considering its size, but the quality
11 does make up for this. It is done in Canadian
12 terms, with intellectual "grass roots" character,
13 so as readers we just don't have to ape "the
14 giants of America" as depicted in Fortune".

15 (Executive - April issue)

16 J.J. Stren, Secretary-Treasurer, Texpack Ltd.,
17 69 Elgin Street, Brantford, Ontario.

18 #55 "Like - It is Canadian. Articles have a
19 particular local or Canadian slant with names
20 and places we are familiar with, and let me
21 state that after 26 years on both sides of the
22 line in petroleum, our skill and know-how in
23 Canada is equal and perhaps better". (Petro
24 Process Engineering - May issue)

25 H.G. Bennett, Head-Metals Engineer, B-A Oil Co.
26 Ltd., 800 Bay Street, Toronto, Ontario.

27 #57 "I do like the general layout and content
28 of your magazine - it fills a Canadian need -
29 however, do not let it deteriorate into a poor
30



1
2 imitation of such U.S. publications as Business
3 Week". (Executive - May issue)

4 S.W. Jones, Assistant Secretary-Treasurer,
5 West Canadian Oil & Gas Ltd., 505 - 8th Avenue
6 S.W., Calgary, Alta.

7 #58 "I think it is an excellent publication,
8 and from a practical point of view and applica-
9 tion, superior to its U.S. counterpart". (Exe-
10 cutive - May issue)

11 Major General H.A. Young, Deputy Minister,
12 Department of Public Works, Ottawa, Ontario.

13 #60 "I like your magazine. The fully Canadian
14 content is appreciated. Your magazine has
15 turned out so well that I have dropped my
16 U.S.A. subscriptions. Their American bally-hoo
17 used to grit anyway". (The Canadian Architect -
18 March, 1960 issue)

19 D.G. Hallford, Architect, 155 Jane Street,
20 Toronto, Ontario.

21 #64 "You have, what I rate, the best Architec-
22 tural magazine on this continent without doubt.
23 So many are purely national propaganda outlets
24 in this Architectural sphere unfortunately with
25 little or no thought given to outstanding qua-
26 lity..." (The Canadian Architect - April, 1960
27 issue)

28 William D. Anderson, Architect, 208 Mackey
29 Building, Sudbury, Ont.

30 #101 "I like the information on problems and



1
2 solutions encountered by other electrical
3 power distribution companies across Canada.
4 American magazines seem to ignore Canadian
5 companies and achievements." (Electrical News
6 and Engineering - September, 1960 issue)
7 J.O. Dueckman, B.C. Electric Co. Ltd., 970
8 Burrard Street, Vancouver, B.C.

9 These results have been achieved despite the
10 present areas of unfair competition: overflow circulation
11 and so-called "Canadian" editions. Any enlargement of
12 these areas of publishing dumping would make such achieve-
13 ment difficult, if not impossible. Nevertheless, we
14 believe that any form of government assistance must always
15 be considered secondary to editorial tailored to Canadian
16 needs.

17 The problem of overflow circulation of United
18 States business papers is dealt with in the brief submit-
19 ted by the Business Newspapers Association of Canada. As
20 members of the Association, we support this brief. Our
21 company believes in the right - and the necessity - of
22 Canadians, and particularly in business and the profes-
23 sions, having free access to any and all publications
24 available from any country. As the principal means for
25 the international exchange of business, industrial and
26 scientific "know-how", no barriers should be erected
27 against foreign trade and professional magazines - and we
28 should protest any barriers by any country against
29 Canadian trade and professional magazines.

30 The inequity in the overflow of U.S. business



1
2 publications arises from the fact that they are mailed in
3 the United States; that the U.S. post office receives the
4 postage revenues; and that they are carried free by the
5 Canadian post office, without an off-setting carriage in
6 the United States, as in the case of first-class mail.
7 Consequently, Canada suffers large losses on the carriage
8 of second-class mail and Canadian publishers have been
9 the target of uninformed criticism. A similar inequity
10 occurs in the case of 3rd class mail, where U.S. business
11 publishers secure free Canadian carriage for many tons of
12 subscription solicitations annually.

13 The brief submitted by the Business Newspapers
14 Association included the following statistics:

	<u>1949</u>	<u>1959</u>
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Number of titles of U.S. business papers over- flowing into Canada	510	1,497
Total Canadian circula- tion per issue of U.S. business papers over- flowing into Canada	225,513	1,122,580

(Source: Standard Rate & Data Service)

21 We think there is one point that hasn't been
22 brought out which is worth bringing out, and that is that
23 in many fields the U.S. publication frequency is weekly,
24 or even daily, while ours is monthly. In most fields
25 there are several U.S. publications for each of ours;
26 and most important, the U.S. publications, in most cases,
27 weigh several times ours, and weight of course if the
28 basis on which postage is calculated. We submit examples
29 of United States publications, and their Canadian counter-
30



1
2 parts as samples of this point. We can report on this
3 to the Commission in the oil field, the furniture and
4 furnishings fields and the architectural field. Even a
5 more extreme case could be made in the case of the heavy
6 equipment field, but these are typical publications which
7 reveal the weight and frequency factor, and in the furni-
8 ture field there is a daily publication and in the oil
9 field it is weekly, and so on.

10 Thus it will be seen that the true disparity
11 is many times greater than that indicated by the number of
12 publications, or number of copies. We would like to go on
13 from that point to the point of suggesting controlled
14 circulation, which has come up several times during the
15 Commission hearings.

16 The technique of controlled circulation is not
17 fully understood outside the business magazine field. In
18 most areas of publishing since World War 2, it has been
19 increasingly difficult to pass on a fair share of
20 increased costs to subscribers. Not only business maga-
21 zines, but other print media, have found it necessary to
22 rely upon advertising for an ever-greater proportion of
23 their revenues.

24 I would like to make one interjection here
25 which I think will be interesting. We have in the
26 operation what might be termed publishing in the sense of
27 revenues coming from subscriptions, and it has been
28 suggested upon occasion that Canadian publishers might
29 change the situation by acquiring more revenue from the
30 readers. In this building report service which is



1
2 published daily, to secure national service it is neces-
3 sary to pay \$1,460 per year. That is a service where the
4 editorial costs and all distribution costs are paid for
5 by subscribers. There is no advertising revenue whatso-
6 ever, and that is the nature of the subscription, and
7 they could be required to render a similar service in
8 other fields. I don't know how many Canadians would
9 want to pay that to have a publication not subsidised by
10 advertising.

11 Business magazines consequently evolved the
12 controlled circulation technique, by which a publisher
13 delivers a total market to his advertising prospects.
14 The best of subscription campaigns usually sold no more
15 than 50% of the market; the worst, based upon field
16 selling, often included many questionable recipients.
17 Thus controlled circulation, audited in Canada by the
18 independent Canadian Circulations Audit Board, provides
19 advertisers with a total and defined market. As a
20 valuable by-product for business magazines, it also
21 provides more exact classification of recipients. Many
22 studies over the years have shown no significant diffe-
23 rence in readership between paid and controlled business
24 magazine circulation. Moreover, our company, as do most,
25 rigidly controls the circulation of all our publications,
26 and refuses subscriptions from non-eligible recipients.
27 In reference to free circulation, and so on, most people
28 don't understand that if you are not an architect or a
29 grocery you cannot subscribe no matter how much you want
30 to to the Canadian Grocer or the Architectural Magazine.



1
2 As a specific example, a publisher might
3 decide to launch a magazine for Doctors. Under the
4 controlled circulation plan, the magazine would be sent
5 to all Doctors. Obviously, the cost of such circulation,
6 initially, would be borne as part of the publisher's
7 investment, and if the magazine were successful, ultimately
8 by the advertisers. In return, the advertisers
9 would recieve the total medical market. Readership of
10 such a magazine whether paid, or controlled, would of
11 course depend upon the editorial quality.

12 The publisher might, or might not, decide to
13 solicit subscriptions from his controlled circulation.
14 In any event, he would refuse subscriptions from any one
15 not a qualified recipient - in this example, a Doctor.

16 Controlled circulation today is used by most
17 United States and Canadian business publishers, and has
18 achieved almost complete acceptance among advertisers and
19 agencies.

20 A further ironic factor in the postal situation
21 is that while U.S. business publications are carried free
22 in Canada, Canadian business publishers are charged a
23 premium rate of 5¢ per pound for the "controlled" portions
24 of our circulations. We pay, of course, the regular
25 rates for the paid portion. Our company believes that
26 the controlled circulation technique is the most economical
27 and most exact circulation method in the business and
28 professional magazine field. We practice it for all our
29 publications within Canada. All our foreign circulation,
30 however, is paid at premium rates, to cover the additional



1 costs involved.

2
3 We would therefore request that "controlled"
4 circulation of audited Canadian business publications be
5 granted the same rate as the "paid" portion of their
6 circulation in Canada. That is one recommendation
7 which we would like to make to the Commission.

8 We understand that correction of the tremendous
9 disparity between Canada and the United States in the
10 carriage of 2nd and 3rd class mail must await the next
11 international postal meeting. In the meantime, however,
12 Canada should remove the exemption granted imported U.S.
13 magazines from duty, at the printed matter rate. That is
14 the second recommendation which we would like to make to
15 the Commission.

16 A second and more serious problem is that of
17 the so-called "Canadian" edition or the split run. The
18 problem created by dumping U.S. editorial content here
19 has been effectively reviewed in many briefs. From the
20 viewpoint of competitive publishing, the editorial
21 dollars saved by this dumping technique permit extra
22 expenditures on advertising sales and promotion. These
23 extra expenditures generate more revenue, and so the
24 vicious cycle of unfair competition is self-regenerating.

25 Since writing the brief there has been brought
26 to my attention an example of a typical split run offered
27 by an American business publisher. Here is the publica-
28 tion; it is called Construction Equipment, and is a publi-
29 cation which has a circulation in the United States of
30 about 60,000 and about 6,000 in Canada.



1
2 The normal rate for a 2-page insert in the
3 United States edition is \$2,244, and the charge for the
4 4-page insert is \$4,440, and in this letter which I have
5 here and which is dated September, 1960, they offer a
6 Canadian split run for \$224 for the 2-page insert - which
7 is a tenth of their American rate - and \$448, which is
8 also approximately a tenth, for the 4-page insert.

9 There are two magazines, one published by our-
10 selves and one by the Monetary Times, and the equivalent
11 rate for that magazine would be \$620 for the 2-page
12 insert, and in our case \$624. In the case of the Monetary
13 Times, the rate is \$1,240 for the 4-page insert and it is
14 \$1,216 in the other case.

15 In other words, they are offering this at about
16 one-third of what Canadian publishers find it necessary
17 to do. The same things applies in connection with this
18 over-run technique, and I submit the evidence of a split
19 run technique in the business publications field.
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21
22 -
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1
2 We would suggest that any publication solicit-
3 ing advertising revenue in Canada, and having 90% of
4 its circulation here, be required to have at least 75%
5 original Canadian editorial content. This simple re-
6 quirement, if made law, would do much to restore
7 the situation to a more equal competitive basis. It
8 would also provide expanded opportunities for Canadian
9 journalists, photographers, artists, editors, and free-
10 lance writers.

11 Unfair competition in Canadian periodical
12 publishing is not confined to our American friends. An
13 increasing tendency is for associations to launch
14 periodicals, and to solicit advertising for them. In
15 many cases these are excellent publications; in others,
16 advertising is solicited by threatening, or implying,
17 the displeasure of the associations' members for non-
18 advertisers. In both cases, however, these publications
19 do not pay the normal corporation taxes borne by private
20 publishers and all other business.

21 An analysis of the advertising revenues of six
22 typical publications of this type in 1959 indicates
23 advertising revenues in excess of \$1,500,000. From
24 private enterprise publishers the government would
25 have collected over \$150,000 in taxes on these revenues.

26 However, as in the case of the so-called
27 Canadian edition of "Time", these saved tax dollars are
28 used for more aggressive, competitive selling, additional
29 sales and promotion staff, and other expenditures to
30 increase advertising revenue.



1
2 The point at issue has been effectively made
3 by D. L. Morrell, general manager of the Canadian
4 Chamber of Commerce, in a letter to members dated
5 November 21, 1960. We quote:

6 "In these days of high tax rates the Canadian
7 Chamber of Commerce believes it is important
8 that taxation be applied equitably on all forms
9 of business. Consequently, the Chamber believes
10 that tax advantages enjoyed by one form of doing
11 business as compared with another should be
12 eliminated."

13 Mr. Morrell continues to discuss the tax free situation
14 of co-operatives in competition with other forms of
15 business enterprise, but we believe that the same
16 principle applies to association-owned publications.

17 We suggest and recommend again that the tax
18 advantages enjoyed by association-owned publications
19 should be eliminated and that publishing operations of
20 associations should be separated and taxed at the same
21 rates as private publishers.

22 Again we thank the Commission for the oppor-
23 tunity to make this submission. I am accompanied today
24 by E. V. Manser, vice-president in charge of editorial
25 and circulation activities of our company, and W. K.
26 Jones, C. A., secretary and treasurer. Any one of us
27 will be happy to answer questions of the Commission, and
28 to provide now, or in the future, further information to
29 the Commission.
30

LIST OF HUGH C. MACLEAN PUBLICATIONS

<u>Name of Magazine</u>	<u>Founded</u>
The Canada Lumberman	1880
Shoe & Leather Journal	1888
Engineering & Contract Record	1889
Electrical News & Engineering	1891
Canadian Transportation	1898
Canadian Woodworker	1911
Supermarket Methods	1911
Furniture & Furnishings	1911
Canadian Chemical Processing	1917
MacLean Building Guide	1923
Canadian Metalworking	1938
Electrical Contracting & Maintenance	1954
The Canadian Architect	1955
Industrial Digest	1955
Electrical Equipment News	1956
Petro Process Engineering	1957
Executive	1958
Canadian Consulting Engineer	1959
Hospital Administration & Construction	1959

1. It contains articles of particular interest to the Canadian consultant.
(Canadian Consulting Engineer - June issue)

H.L. Hillgartner, L.H. Schwindt & Co. Ltd., Box 516, Burlington, Ont.

2. The Canadian Architect is a fine source of information about the building industry in Canada. (The Canadian Architect - March issue)

R.J. Cliffe, 140 North Street, Gananoque, Ont.

3. I think the magazine is very good and of course being a Canadian magazine makes it much more interesting. (The Canadian Architect - March issue)

T. Brywan Campbell-Hope, Dept. of Public Works, Public Works Building No. 2, Edmonton, Alta.

4. Your magazine does fulfill quite modestly its obviously intended purpose; keeping Canadians up to date with what other magazines skip as to local or too insignificant architecture. (The Canadian Architect - March issue)

D.A. Arendsen-Hein, John B. Parkin Associates, 1500 Don Mills Road, Don Mills, Ont.

5. I like the Canadian atmosphere of the magazine, particularly its editorials.
(The Canadian Architect - March issue)

Raymond Card, 142 Chester Avenue, Toronto 6, Ont.

6. Like - it is Canadian. (The Canadian Architect - April issue)

Verne Eskildsen (Architectural student), Box 474, Cloverdale, B.C.

7. I liked the April issue particularly well - as a whole I have liked the Canadian coverage. (The Canadian Architect - April issue)

Theo A. Dubois, City of Winnipeg, City Hall, Winnipeg, Man.

8. I think it the best magazine for architects produced in Canada - and better than several comparable magazines produced abroad. (The Canadian Architect - April issue)

P.J. Cluff, Cluff & Cluff Architects, 416 Bloor St. East, Toronto, Ont.

9. Good comprehensive coverage of Canadian subjects. (The Canadian Architect - April issue)

Gordon Campbell, 3204 Castle Road, Calgary, Alta.

10. I enjoy a magazine devoted to Canadian architecture and as in your case, with contributors who are Canadian. The calibre of your articles is good. Plenty of criticism of Canadian buildings, which you have, is good too.
(The Canadian Architect - April issue)

Mrs. Pegeen Dryer B. Arch. 66 Duggon Avenue, Toronto 7, Ont.

11. It is a first class magazine and it is Canadian. (EXECUTIVE - March issue)

Paul Willison, Paul Willison Motors Ltd., 799 O'Connor Drive, Toronto, Ont.

12. I would like to see you do some book reviews. The one big issue you did on the literature of architecture was terrific. Your format is good. Good luck, and keep up the lively work - Canada needs it. (The Canadian Architect - March issue)

M. Larsh, Art Librarian, London Public Library & Art Museum, London, Ont.
13. Like - it's Canadian (EXECUTIVE - March issue)

W.B. Jackson, J.B. Jackson Ltd., 175 Union Street, Simcoe, Ont.
14. I find the magazine is filling a unique place in Canadian reporting. (EXECUTIVE - April issue)

J.W. Popkin, Sun Life Assurance Co. of Canada, Dominion Square, Montreal, P.Q.
15. Articles are very stimulating - and are very interesting. I like the large type you use and think the ads are well illustrated. There is good variety in the articles - much human interest and generally Canadian - rather than American as is most common. (EXECUTIVE - March issue)

C.M. Fines, Provincial Treasurer, Government of Saskatchewan, Legislative Buildings, Regina, Sask.
16. Like - Book reviews. It is Canadian (EXECUTIVE - April issue)

George Milne, Secretary-Treasurer, Horton Steel Works Ltd., Fort Erie, Ont.
17. I like the Canadian slant to most articles on personalities. (EXECUTIVE - April issue)

F.E. Wright, Vice-President, Kraft Foods Ltd., 8600 Devonshire Road, Mount Royal, P.Q.
18. Am finding EXECUTIVE instructive and useful. Like the coverage of Canadian companies. (EXECUTIVE - April issue)

D.D. Stokes, Vice-President, Marketing, Monsanto Canada Ltd., P.O. Box 900, Montreal, P.Q.
19. We appreciate a good Canadian publication, keep up the good work. (Petro Process Engineering & July issue)

R.H. Cooper, Texaco Exploration, Box 48, R.R.2, Thorsby, Alta.
20. I like the Canadian atmosphere in your magazine. Most petroleum publications are predominantly U.S. as far as statistics and comparisons are concerned. (Petro Process Engineering - July issue)

C.F. Williams, Manager, Marketing Administration Services, Shell Oil Co. of Canada Ltd., 505 University Avenue, Toronto, Ont.
21. Covers the oil industry in Canada very well and gives a good coverage on Canadian oil news and new developments. (Petro Process Engineering - July issue)

R.M. Richardson, Operating Superintendent, British American Oil Co. Ltd., P.O. Box 279, Calgary, Alta.

22. It is a Canadian magazine and deals with refining material; so many Canadian magazines write only of western production subjects. Your choice of material is good. (Petro Process Engineering - July issue)
- Joan Wheler, British American Oil Co. Ltd., 800 Bay Street, Toronto, Ont.
23. Like the magazine because it deals more with Canadian oil industry - and does so in a broader sense than many magazines. (Many others deal too specifically with one phase of the oil industry). (Petro Process Engineering - July issue.)
- S.K. McWalter, Operating Superintendent, B-A Oil Refinery, Glenayre Drive, New Westminster, B.C.
24. I consider this a very good magazine as it is devoted primarily to the Canadian phase of the industry. It is a better trade magazine for people engaged in the oil industry in Canada for this reason. (Petro Process Engineering - July issue.)
- G. McInnis, Shift Supervisor, Phillips Petroleum Co., Box 270, Taylor, B.C.
25. Covers items of interest about the Canadian oil business very well especially on refinery and associated equipment. (Petro Process Engineering - July issue)
- L.C. Courtice, Refinery Engineer, B-A Oil Co. Ltd., B-A Refinery, Box 97, Edmonton, Alta.
26. I like the Canadian aspect of the magazine describing plants with which I have been associated. (Petro Process Engineering - July issue)
- John M. Slubodnik, Technical Service Engineer, Ethyl Corp. of Canada Ltd., Highway 40, Corunna, Ont.
27. At work we are flooded with chemical magazines, and being an electrical engineer, I am not too interested in any of them. However your magazine is different - it's Canadian in origin and subject matter. (Petro Process Engineering - July issue)
- Wm. R. Hoad, Electrical & Instrument Engineer, Ethyl Corp. of Canada Ltd., Highway 40, Corunna, Ont.
28. Enjoy reading technical articles concerning Canadian problems and solutions to these problems submitted by Canadians. You are doing a good job. Keep it up. (Canadian Consulting Engineer - August issue)
- C. Skene, Algoma Enrg. Ltd., 10032 - 105th Street, Edmonton, Alta.
29. Would like more news about projects and less about election of officers in conventions, etc., in the News page. Besides this remark, the magazine is very good, even better than all the other Canadian publications. (Canadian Consulting Engineer - August issue)
- Paul Joli-Coeur, Cartier Cote & Plette, Port Cartier, P.Q.
30. The Canadian viewpoint of your magazine is valuable. (Canadian Consulting Engineer - August issue)
- M.G. Barrington, Hisey & Barrington, 31 Yonge St. North, Richmond Hill, Ont.

31. Good because a Canadian view is given. (Canadian Consulting Engineer - August issue)
Lloyd Yakimovich, Stanley Grimble Roblin Ltd., 109 Main St. Penticton, B.C.
32. Current, concise and completely Canadian. (Hospital Administration and Construction - May issue)
Lt. R.H. Whetmore RCN., R.C.N. Hospital, H.M.C.S. Cornwallis, Cornwallis, N.S.
33. Varied subjects of business interest. Subjects of local and Canadian interest, i.e., dealing with Canadian conditions. (Engineering and Contract Record - July issue)
P.E. Holmes, Pentagon Construction (1959) Co. Ltd., 5005 Jean Talon W., Montreal, P.Q.
34. I like the magazine because it is - Canadian, includes a good selection of subject material of interest to the administration. (Hospital Administration and Construction - May issue)
C.E.H. Walden, Dufferin Area Hospital, Orangeville, Ont.
35. Like - Canadian topics. (Hospital Administration and Construction - May issue)
James Roberts, Administrator, New Liskeard Hospital, Box 340, New Liskeard, Ont.
36. Very pleased to see a Canadian publication. Keep it Canadian. (Hospital Administration and Construction - May issue)
Miss L. Marie Young, Director of Nursing, Archer Memorial Hospital, Lamont, Alta.
37. I like the generally good survey of the Canadian industrial scene. (Canadian Chemical Processing - June issue)
J.D. Winfield, Electric Reduction Co. of Canada, 321 Davenport Road, Toronto, Ont.
38. I like the way the Canadian chemical market and processes are covered and analyzed. (Canadian Chemical Processing - June issue)
Mr. Jean Laneuville, St. Lawrence Cement Co., P.O. Box 1156, Quebec, P.Q.
39. I like this magazine because it deals with and keeps up to date with the processing industries in Canada. (Canadian Chemical Processing - June issue)
K.G. Dunlop, Dominion Tar & Chemical Co. Ltd., Box 125, Station C, Hamilton, Ont.
40. This magazine has become an excellent source of information regarding the Canadian as well as the U.S. chemical business. (Canadian Chemical Processing - June issue)
Wm. A. MacWilliams, Western Chemicals Ltd., Box 730, Two Hills, Alta.

41. I like it. I find it compares favorably with McGraw-Hill's "Chemical Week" which is a reading must. However, your publication has the added advantage of its Canadian content. (Canadian Chemical Processing - June issue)
J.K. Birdsall, Xzit Chemical Co. Ltd., 1685 Franklin St., Vancouver, B.C.
42. Like the up to date information on chemical processing and chemicals as applied to Canadian industry. (Canadian Chemical Processing - June issue)
W.Cramp, St. Lawrence Corp. Ltd., 840 Sun Life Building, Montreal, P.Q.
43. I particularly like the news items relating to the Canadian chemical industry. (Canadian Chemical Processing - June issue)
Dr. J.D. McGilvery, Electric Reduction Co., 321 Davenport Rd., Toronto, Ont.
44. Like the Canadian slanted news and articles. (Canadian Chemical Processing - June issue)
J.B. Frederick, Kimberly Clark Canada Ltd., Box 1254, Kapuskasing, Ont.
45. I like the newsletter and many of the articles dealing with the chemical industry in Canada. (Canadian Chemical Processing - June issue)
D.C. Kinley, Maintenance Superintendent, Shawinigan Chemicals Limited, Shawinigan, P.Q.
46. The magazine is QUALITY. It is high-priced considering its size, but the quality does make up for this. It is done in Canadian terms, with intellectual "grass roots" character, so as readers we just don't have to ape "the giants of America" as depicted in Fortune. (EXECUTIVE - April issue)
J.J. Stren, Secretary-Treasurer, Texpack Ltd., 69 Elgin Street, Brantford, Ont.
47. One of the few magazines that is all Canadian which makes all articles interesting reading. (Petro Process Engineering - May issue)
L. Chivers, Maintenance Foreman, Texas Gulf Sulphur Co., 7028 - 22nd A Street S.E., Calgary, Alta.
48. Excellent coverage of the Canadian refining and petrochemical industry. (Petro Process Engineering - May issue)
Maurice Alfille, Technologist, Shell Oil Co. of Canada, 22 Shellman Blvd., Toronto 10, Ont.
49. I think that this is a wonderful publication. It deals with problems of Canada in the industry in general. (Petro Process Engineering - May issue)
James A. Marsh, Plant Foreman, B.P. Refinery Canada Ltd., 550 Sherbrooke Street, Montreal, P.Q.
50. A well set up magazine - particularly appreciate a general magazine of this nature slanted to Canadian conditions and problems. (Petro Process Engineering - May issue)
W.G. Pethybridge, Enrg. Supervisor, Canadian Industries Ltd., Edmonton Works, P.O. Box 428, Edmonton, Alta.

51. Nice balance between engineering, processing, administration, etc. Like its Canadian flavor. (Petro Process Engineering - May issue)
H.C. Spartguns, Chief Refinery Engineer, Husky Oil & Refining Ltd.,
815 - 6th Street S.W., Calgary, Alberta.
52. Very good. Fills a real need for the Canadian gas industry. Would have read more if I had the time. (Petro Process Engineering - May issue)
G.E. Drysdale, Plant Engineer, Imperial Oil Ltd., 1825 McIntyre Street,
Regina, Saskatchewan.
53. I like the articles about the Canadian industry, such as new processes, new methods of testing and quality control, economic future of Canadian petrochemical industries and other pertinent information. (Petro Process Engineering - May issue)
Wm. R. Feil, Chemist, Canadian Oil Co. Ltd., Corunna, Ontario.
54. Like Canadian approach and application. (Petro Process Engineering - May issue.)
W.T. Bothwell, Technical Superintendent, Imperial Oil Ltd., Box 710,
Regina, Saskatchewan.
55. Like - It is Canadian. Articles have a particular local or Canadian slant with names and places we are familiar with, and let me state that after 26 years on both sides of the line in petroleum, our skill and know-how in Canada is equal and perhaps better. (Petro Process Engineering - May issue)
H.G. Bennett, Head-Metals Engineer, B-A Oil Co. Ltd., 800 Bay Street,
Toronto, Ontario.
56. Prefer your stories on Canadian companies. Their problems, their successes, etc. (EXECUTIVE - May issue)
A.P. Clark, Director of sales, The Procter & Gamble Co. of Canada Ltd.,
1320 Yonge Street, Toronto, Ontario.
57. I do like the general layout and content of your magazine - it fills a Canadian need - however, do not let it deteriorate into a poor imitation of such U.S. publications as Business Week. (EXECUTIVE - May issue)
S.W. Jones, Assistant Secretary-Treasurer, West Canadian Oil & Gas Ltd.,
505 - 8th Avenue S.W., Calgary, Alberta.
58. I think it is an excellent publication, and from a practical point of view and application, superior to its U.S. counterpart. (EXECUTIVE - May issue)
Major General H.A. Young, Deputy Minister, Department of Public Works,
Ottawa, Ontario.
59. An excellent publication. Articles of Canadian interest, well handled. (The Canadian Architect. March 1960 issue)
J.A. Campbell, 12 Sheppard Street, Toronto, Ontario.

60. I like your magazine. The fully Canadian content is appreciated. Your magazine has turned out so well that I have dropped my U.S.A. subscriptions. Their American bally-hoo used to grit anyway. (The Canadian Architect. March 1960 issue)

D.G. Hallford, Architect, 155 Jane Street, Toronto, Ontario.

61. Your choice and presentation of articles and work are the best produced in Canada. (The Canadian Architect. March 1960 issue)

John Stefuca, Architect, 271 Larch Street, Sudbury, Ontario.

62. I like the fresh, solid, well presented approach. One of the very few well-done Canadian magazines. (The Canadian Architect. March 1960 issue)

R. Cripps, Architect, 1216 Yonge Street, Toronto, Ontario.

63. Your magazine is doing a fine job for Canadian architecture - keep it up. (The Canadian Architect. April 1960 issue)

F.A. Dawson, 4463 Sherbrooke Street, Montreal, P.Q.

64. You have, what I rate, the best Architectural magazine on this continent without doubt. So many are purely national propaganda outlets in this Architectural sphere unfortunately with little or no thought given to outstanding quality and completely ignoring typographical skills in presentation (The Canadian Architect. April 1960 issue)

William D. Anderson, Architect, 208 Mackey Building, Sudbury, Ontario.

65. An excellent magazine, doing a very great service to architecture in Canada by raising controversial issues. (The Canadian Architect. April 1960 issue)

J.H. Acland, Assoc. Professor, School of Architecture, University of Toronto, Toronto, Ontario.

66. A very progressive and non-commercial approach to subject suited to Canadian current thought. (The Canadian Architect. April 1960 issue)

67. Concentrates on Canadian operations. (Petro Process Engineering. July 1960 issue)

R. Blakely, Horton Steel Works Ltd., Fort Erie, Ontario.

68. I like your magazine for its "inside" information, condensed form in which you present it and its almost "local" character. (Petro Process Engineering. July 1960 issue)

R.F. Jadodzinski, Canadian Oil Companies Ltd., 280 St. Vincent Street, Sarnia, Ontario.

69. The best publication for my purpose at the present time is "Chemical Engineering". However, it is not a Canadian magazine, and does not recognize specific Canadian problems. While realizing the source and circulation problems inherent in any Canadian magazine, Petro Process Engineering has made a valiant and auspicious start. (Petro Process Engineering. July 1960 issue)

George T. Harrap, Asst. Dept. Head, Union Carbide of Canada, 336 Westgate Crescent, R.R. 1, Rosemere, P.Q.

70. Canada Lumberman helps to consolidate the whole Canadian industry of logging. (Canada Lumberman. May 1960 issue)
John Heighill, Owner, R.R. 1, Nanoose Bay, Vancouver Island, B.C.
71. Would like to see more on B.C. conditions. (Canada Lumberman. May 1960 issue)
A.B. Anderson, Rayonier Canada Ltd., 1111 W. Georgia Street, Vancouver, B.C.
72. I enjoy your magazine. I feel that it fills a definite need for Canadian hospitals. (Hospital Administration and Construction. May 1960 issue)
John K. Maynard, Royal Inland Hospital, Kamloops, B.C.
73. Hospital Administration and Construction is the best magazine of its kind I've seen in Canada. Please continue to cover the news. (Hospital Administration and Construction. May 1960 issue)
John E. Owen, John B. Parkin Assoc., 1500 Don Mills Road, Don Mills, Ont.
74. I appreciate the generally cross-cut articles giving space to nearly all parts of the Dominion in the hospital field. (Hospital Administration and Construction. May 1960 issue)
J.H. Nickel, Herbert-Morse Union Hospital, Box 220, Herbert, Sask.
75. I like it mainly because it is Canadian, and it is based on Canadian plants. (Canadian Woodworker. April 1960 issue)
H.W. King, King Fixtures, 1503 Main Street West, Hamilton, Ontario.
76. Electrical Contracting & Maintenance probably has more readable and worthwhile articles of any similar magazine available in Canada. (Electrical Contracting & Maintenance. August 1960 issue)
Curtis M. Cotton, Asst. Elec. Supt., Great Lakes Paper Co. Ltd., Fort William, Ontario.
77. Dislike - predominance of technical articles derived from American sources. (Furniture & Furnishings. September 1960 issue)
Mitchell N. Call, Roxton Mill & Chair Co., 22 Foster Square, Waterloo, P.Q.
78. It is a Canadian magazine. Covers industry in a good general manner and still gives enough technical information and detail to be useful. (Canadian Chemical Processing. September 1960 issue)
E. Crowder, Plant Manager, Northwest Nitro-Chemicals Ltd., 221 - 2nd Street S.W., Medicine Hat, Alberta.
79. Devoted to Canadian rather than U.S. business. (Canadian Chemical Processing. September 1960 issue)
F.H. Weston, Dev. Engr., Eldorado Mining & Refining Ltd., 215 John Street, Port Hope, Ontario.

80. We enjoy reading Retail Trade Notes and news of Canadian factories. American Notes and news of high styled shoes are of little interest to those of us in average small towns. (Shoe and Leather Journal May 1960 issue)
- E.N. Underwood, Underwood Shoes, Thames Street, Ingersoll, Ontario.
81. Your Journal is very interesting. I am not interested in American articles as they do not reflect on our styles in Halifax. (Shoe and Leather Journal May 1960 issue)
- Long's Shoes Co. Ltd., Sidney C. Jakin, Manager, 241 Gottingen Street, Halifax, N.S.
82. Like the Canadian content, profile section, process newsletter. (Canadian Chemical Processing. September 1960 issue)
- J.M. Shepherd, Plant Supt., National Starch & Chemical Co. Canada Ltd., 2125 Remembrance Road, Lachine, P.Q.
83. Like it because of its Canadian news and Canadian oriented articles. (Canadian Chemical Processing. September 1960 issue)
- J.A. Hood, Aluminum Laboratories Ltd., Box 6090, Montreal, P.Q.
84. In my opinion it is the best Canadian magazine serving the metal industry. (Canadian Metalworking. September 1960 issue)
- G.E. Willey, General Sales Manager, Union Carbide Canada Ltd., 123 Eglinton Avenue East, Toronto, Ontario.
85. Would like to see more information on light metal stampings, etc. with an aim to develop in Canada, the manufacture of parts and products which are now imported from the U.S. (Canadian Metalworking. September 1960 issue)
- Gordon G. Curley, Houdaille Industries, Simcoe & Wolfe Streets, Oshawa, Ontario.
86. It is helpful and seems designed for Canadian small quantity production. (Canadian Metalworking. September 1960 issue)
- R. Fry, S.A. Armstrong Ltd., 1400 O'Connor Drive, Toronto, Ontario.
87. Generally a well prepared and presented picture of the Canadian business scene. (EXECUTIVE. March 1960 issue)
88. Would appreciate more "inside" stories on Canadian companies. (EXECUTIVE. April 1960 issue)
- A.T. Fairley, Jr., President, Dominion Steel & Coal Corp. Ltd., P.O. Box 249, Montreal, P.Q.
89. I believe your magazine serves a very important purpose on the Canadian engineering scene. (Canadian Consulting Engineer. February 1960 issue)
- E.J. Levy, De Leuw, Cather & Co. of Canada Ltd., 1491 Yonge Street, Toronto 7, Ontario.

90. I will take a few moments to go into the question, because this publication is much needed and I think we would all like to see it nursed to its full potential growth. (Canadian Consulting Engineer. February issue)
- Robert J. Walker, 8418 - 107th Street, Edmonton, Alberta.
91. In my opinion, the publication is the best of its kind printed in Canada. (Canadian Consulting Engineer. February 1960 issue)
- R.B. Gander, Montreal Engineering Co. Ltd., Box 250, Place D'Armes, Montreal, P.Q.
92. I am pleased to see a magazine published in Canada which is directed towards those who practice consulting engineering. (Canadian Consulting Engineer. February 1960 issue)
- M.A. Thomas, M.A. Thomas Assoc., Rm. 206, 1178 West Pender Street, Vancouver, B.C.
93. For the first while I didn't pay any attention to it - now I give it something more than passing interest. I am not sure why; it's good, but then there are a lot of other publications that are also good. Maybe it's because it is Canadian. (Canadian Consulting Engineer. February 1960 issue)
- Paul M. Cook, Sub P.O. 36, Vancouver 15, B.C.
94. I believe this journal is serving and will serve an excellent purpose for consulting engineers in Canada. (Canadian Consulting Engineer. February 1960 issue)
- R.E. Wilkins, B.C. Engineering Co., 570 Dunsmuir Street, Vancouver, B.C.
95. This magazine seems to be an honest attempt to publish a Canadian magazine for our industry. (Canadian Consulting Engineer. February 1960 issue)
- S.M. Burns, M.M. Dillon & Co. Ltd., 141 Maple Street, London, Ont.
96. Canadian Consulting Engineer is easier reading than the U.S. equivalent. (Canadian Consulting Engineer. February 1960 issue)
- T.A. Crosier, Cronin, Kramm & Greenberg, 531 Marion Street, St. Boniface, Manitoba.
97. Like the Canadian "viewpoint". (Canadian Consulting Engineer. February 1960 issue)
- J.F. Hills, B.C. Engineering Co. Ltd., 570 Dunsmuir Street, Vancouver, B.C.
98. The magazine's coverage of Canadian projects, problems, etc. is welcomed. (Electrical News & Engineering. September 1960 issue)
- Lloyd MacKinnon, P.Eng., Canadian General Electric Co. Ltd., 201 Woodlawn Road West, Guelph, Ontario

99. Chiefly find it carries Canadian news and for this reason I like it. (Electrical News & Engineering. September 1960 issue)
A.M. McLeod, R.H. Nichols Ltd., P.O. Box 500, Downsview, Ont.
100. Would like more Canadian material. (Electrical News & Engineering. September 1960 issue)
D.C. Moore, B.C. Engineering, Box 659, Abbotsford, B.C.
101. I like the information on problems and solutions encountered by other electrical power distribution companies across Canada. American magazines seem to ignore Canadian companies and achievements. (Electrical News & Engineering. September 1960 issue)
J.O. Dueckman, B.C. Electric Co. Ltd., 970 Burrard Street, Vancouver, B.C.
102. We need to be continually reminded of Canadian achievements. (Electrical News & Engineering. September 1960)
Robert A. Kerr, Northern Electric Co. Ltd., Wire & Cable Div., Box 6122, Montreal, P.Q.
103. General well organized and interesting magazine which provides good coverage of Canadian electrical scene. (Electrical News & Engineering. September 1960 issue)
F.H. Duffy, Aluminum Co. of Canada Ltd., Shipshaw, P.Q.
104. I read your magazine and enjoy it considerably. There are too few Canadian magazines on the market showing Canadian progress in the electrical field and I would regret to see this one discontinued. (Electrical News & Engineering. September 1960 issue)
W.R. Foster, Toronto Hydro Electric Co., 14 Carlton Street, Toronto, Ontario.
105. Like - it's Canadian - equipment and practices. (Electrical News & Engineering. September 1960 issue)
C.K. Johnson, City of Calgary Electric System, Electric Bldg., 2808 MacLeod Drive, Calgary, Alberta.
106. Good coverage of the Canadian electrical industry, local developments and trends highlights. (Electrical News & Engineering. September 1960 issue)
C.Z. Monaghan, The City of Edmonton, Alberta.
107. I find it very interesting especially I think because I get the Canadian picture described to me and what might be called the local news of the industry. (Electrical News & Engineering. September 1960 issue)
W. Dowds, Ontario Hydro, 8 Strachan Avenue, Toronto, Ontario.

108. Like Canadian content. (Electrical News & Engineering. September 1960 issue)
R.V. Milne, Canadian Westinghouse Co. Ltd., 6th Avenue & Rose Street, Regina, Saskatchewan.
109. Like Canadian topics and advertisements. (Electrical News & Engineering. September 1960 issue)
H. Turley, H.E.P.C. Ontario, 495 Richmond Road, Ottawa, Ontario.
110. I like your publication because it carries Canadian news, in contrast to too much U.S.A. news (Electrical News & Engineering. September 1960 issue)
J.L. Keilland, Shawinigan Enrg. Co., 625 Belmont Street, Montreal, P.Q.
111. I like Electrical News & Engineering because it is Canadian and its contents are of direct interest. (Electrical News & Engineering. September 1960 issue)
Denis J. Parkinson, Canadian General Electric Co. Ltd., Guelph, Ont.
112. Like - Canadian for Canadians. (Electrical Contracting & Maintenance. October 1960 issue)
J.W. Lee, Ontario Hydro Elec. Comm. of Ontario, 590 Shaw Street, North Bay, Ontario.
113. Mainly interested in Canadian views and interpretations about traffic matters. (Canadian Transportation. October 1960 issue)
N.R. McLeod, C.M. & S. Co. of Canada Ltd., 1230 - 10th Avenue, Calgary, Alberta.
114. Good coverage of Canadian problems and subjects. (Canadian Transportation. October 1960 issue)
D.A. Slack, Canadian National Railways, Moncton, N.B.
115. More significance should be placed on Canadian stores and articles as opposed to American. (Engineering and Contract Record. July 1960 issue)
R.R. Carwardine, P.Eng., G.A. Crain & Sons Ltd., 555 Cambridge St., Ottawa, Ontario.

APPENDIX "B"

Comments from readers comparing the quality of Canadian magazines vs American magazines.

1. I think it is an excellent publication, and from a practical point of view and application, superior to its U.S. counterpart. (EXECUTIVE - May 1960 issue)

Major General H.A. Young, Deputy Minister, Federal Government,
Department of Public Works, Ottawa, Ontario.

2. I like the Canadian atmosphere in your magazine. Most petroleum publications are predominantly U.S. as far as statistics and comparisons are concerned. (Petro Process Engineering - July 1960 issue)

C.F. William, Manager, Marketing Administration Services, Shell Oil Co.
of Canada Ltd., 505 University Avenue, Toronto, Ontario.

3. This magazine has become an excellent source of information regarding the Canadian as well as the U.S. Chemical business. (Canadian Chemical Processing - June 1960 issue)

Wm. A. McWilliams, Western Chemicals Ltd., Box 730, Two Hills, Alberta.

4. I like it. I find it compares favorably with McGraw-Hill's "Chemical Week" which is a reading must. However, your publication has the added advantage of its Canadian content. (Canadian Chemical Processing - June 1960 issue)

J.K. Birdsall, Xzit Chemical Co. Ltd., 1685 Franklin St., Vancouver, B.C.

5. The magazine is QUALITY. It is high-priced considering its size, but the quality does make up for this. It is done in Canadian terms, with intellectual "grass roots" character, so as readers we just don't have to ape the "giants of America" as depicted in Fortune. (EXECUTIVE - April 1960 issue)

J.J. Stren, Secretary-Treasurer, Texpack Ltd., 69 Elgin St., Brantford,
Ontario.

6. I like your magazine. The fully Canadian content is appreciated. Your magazine has turned out so well that I have dropped my U.S.A. subscriptions. Their American bally-hoo used to grit anyway. (The Canadian Architect - March 1960 issue)

D.G. Hallford, Architect, 155 Jane Street, Toronto, Ontario.

7. You have, what I rate, the best architectural magazine on this continent without doubt. So many are purely national propaganda outlets in this architectural sphere unfortunately with little or no thought given to outstanding quality and completely ignoring typographical skills in presentation. (The Canadian Architect - April 1960 issue)

Wm. D. Anderson, Architect, 208 Mackey Bldg., Sudbury, Ontario.

8. The best publication for my purpose at the present time is "Chemical Engineering". However, it is not a Canadian magazine, and does not recognize specific Canadian problems. While realizing the source and circulation problems inherent in any Canadian magazine, Petro Process Engineering has made a valiant and auspicious start. (Petro Process Engineering - July 1960 issue)

George T. Harrap, Assistant Dept. Head, Union Carbide of Canada, 336 Westgate Crescent, R.R. 1, Rosemere, P.Q.

9. Your journal is very interesting. I am not interested in American articles as they do not reflect on our styles in Halifax. (Shoe and Leather Journal - May 1960 issue)

Longs Shoes Co. Ltd., Sidney C. Jakin, Manager, 241 Gottingen St., Halifax, N.S.

10. I particularly like the Canadian "flavour" of the articles. Too many books and magazines are published in the U.S.A. We are a separate nation and we require articles written with our own laws and customs in mind. (EXECUTIVE - April 1960 issue)

Anonymous.

11. Canadian Consulting Engineer is easier reading than the U.S. equivalent. (Canadian Consulting Engineer - February 1960 issue)

T.A. Crosier, Cronin Kramm & Greenberg, 531 Marion Street, St. Boniface, Manitoba.

12. I like the information on problems and solutions encountered by other electrical power distribution companies across Canada. American magazines seem to ignore Canadian companies and achievements. (Electrical News & Engineering - September 1960 issue)

J.O. Dueckman, B.C. Electric Co. Ltd., 970 Burrard St., Vancouver 1, B.C.

13. I believe generally that the Canadian Woodworker has better articles in it of interest to my business than the American counterpart. (Canadian Woodworker - April 1960 issue)

Anonymous.



1
2 COMMISSIONER JOHNSTON: Mr. Daly, you were
3 talking about association publications, and the
4 matter of taxation. What about Canadian Business of
5 the Canadian Chamber of Commerce?

6 MR. DALY: That is one of the publications
7 which is included in the \$1,500,000 of revenue.

8 COMMISSIONER JOHNSTON: It would not pay any
9 corporation tax, would it?

10 MR. DALY: Unless they make some voluntary
11 donation which I know nothing about.

12 COMMISSIONER JOHNSTON: And it is competing
13 with a lot of other magazines?

14 MR. DALY: As a member of the Canadian
15 Chamber of Commerce and having available to us the
16 annual financial statements, there is no record of
17 any payment of corporation tax. The annual revenues
18 of that publication are approximately \$400,000.

19 COMMISSIONER JOHNSTON: I think in Time's
20 presentation at Ottawa it was said -- and I haven't
21 the brief here -- that their cost of getting business
22 in Canada was approximately double what it was in the
23 States: do you remember that -- I think you were in
24 the room?

25 MR. DALY: I was in the room, but I don't
26 remember the exact figure.

27 COMMISSIONER JOHNSTON: But it was more?

28 MR. DALY: It was more, yes.

29 COMMISSIONER JOHNSTON: And you suggest they
30 are able to spend more because they have a much lower



1
2 editorial cost per page?

3 MR. DALY: That is quite true. I think it
4 is fairly well known in the business that the Time
5 people have fairly liberal entertainment budgets, and
6 they do quite a bit of promotion and agency work.
7 It is very good and effectively produced material. I
8 think the economics of the matter are that the savings
9 in the editorial costs permit these additional expendi-
10 tures. Certainly, we could do a great deal more if we
11 had similar editorial costs.

12 COMMISSIONER JOHNSTON: I am going to ask that
13 Time produce for us when it next comes before us
14 samples of their promotional material in Canada.

15 MR. DALY: It should also be remembered that
16 the costs of soliciting advertising are greater in most
17 fields in Canada than the United States by the inherent
18 nature of our country. There are not as great a con-
19 centration of people or agencies or advertisers at any
20 one point. We have to spread ourselves much more thinly
21 to reach our potential people, and this is true in
22 the circulation field also.

23 COMMISSIONER JOHNSTON: You heard this morning
24 some criticism or implied criticism of the controlled
25 circulation: that is something relatively new -- thirty
26 years?

27 MR. DALY: Pardon?

28 COMMISSIONER JOHNSTON: Is it thirty years
29 old, that system of distribution?

30 MR. DALY: I believe it predates World War II,



1
2 but its general acceptance, I think, followed World War
3 ~~II~~ largely in the business paper field. I think it
4 originated in Germany actually in the 1920s, but in
5 any event it is quite old -- certainly thirty years,
6 at least. American publications are going to it.
7 Contrary to what we heard this morning, I believe
8 some British publishers are embarking on controlled
9 circulation, and again it is certainly not generally
10 understood, particularly in areas where "paid" is
11 still the rule, as in the consumer field. It is not a
12 give away technique. It is carefully audited, and I
13 think the audit requirements are more than the audit
14 of circulation. We refund money every day to people
15 who are not eligible recipients. We also solicit sub-
16 scribers from within the controlled circulation technique.
17 We don't solicit them on the basis they won't receive
18 the magazine, but on the basis their payment will enable
19 us to do a better editorial job. In our own company
20 we make a good substantial profit on subscriptions
21 which does not happen to many people who are operating
22 a paid magazine technique. All their revenue goes to-
23 gether.

24 COMMISSIONER JOHNSTON: You surely have me
25 confused now. How can you get a subscription revenue
26 when you haven't any paid subscribers?

27 MR. DALY: Oh, we have within the controlled
28 circulation group. For example, we have two thousand
29 architects in Canada, and our magazine goes to them,
30 and of those architects nearly half of them subscribe



1
2 to the magazine even though they know they would receive
3 it in any event, and we never threaten them with cutting
4 them off. The reason, I think, is the belief of those
5 people that they wish to make a contribution to
6 developing a good Canadian magazine in their field.
7 They judge the quality of the magazine. They know
8 their subscription money goes into that quality. We
9 don't have any field force; all our subscriptions selling
10 is by mail.

11 COMMISSIONER JOHNSTON: And you have no bad
12 debts either?

13 MR. DALY: That is right.

14 COMMISSIONER JOHNSTON: Don't the architects
15 produce a magazine of their own?

16 MR. DALY: The Royal Architectural Institute
17 of Canada produces The Journal of the Royal Architectural
18 Institute of Canada.

19 COMMISSIONER JOHNSTON: What is the theory of
20 the controlled circulation as opposed to solicitation
21 for subscriptions?

22 MR. DALY: The theory is that, supposing you
23 were going to start a magazine for doctors in this
24 country, and there are twenty-five thousand doctors:
25 you can deliver to the advertisers who wish to reach
26 doctors all that market. It has been implied that the
27 magazine would not be read if they received it free
28 or under the controlled circulation technique. We
29 haven't found any evidence, neither have the Americans,
30 of that. The independent research studies show no



1
2 significant difference in readership between the two.
3 The alternative would be to seek subscriptions from
4 those doctors over a period of time and gradually
5 build up a circulation. Experience in the business in
6 many countries indicates that of these twenty-five
7 thousand your best magazine might get ten thousand or
8 twelve thousand. You never deliver more than half the
9 market. The question is, are these ten or twelve
10 thousand better people from the advertiser's point of
11 view than the other ten or twelve thousand who would
12 not subscribe. Research studies on paid magazines
13 show a fair number of people who are paying for it and
14 not reading it; about ten per cent of the total. So,
15 the advertisers buy the idea that you give them the
16 total market and prove readership.

17 COMMISSIONER JOHNSTON: What percentage of
18 readership would you get?

19 MR. DALY: It varies from field to field and
20 article to article. The reader report studies show
21 some articles will rate readership as high as seventy
22 or eighty per cent. The technique of studying it shows
23 "thorough reading" and "read into". So, it varies again.
24 The number of thorough readers is less, of course. In
25 the architectural field, for instance, an architect
26 who is designing hospitals may read an article on
27 hospitals very thoroughly, where another architect would
28 read something else. But, there is a constant readership
29 pattern showing high readership of the good quality
30 audited business magazines. Some articles go up as high



1
2 as seventy to eighty per cent, and some are down very
3 low.

4 COMMISSIONER JOHNSTON: You will recall some
5 discussion initiated by me, I think, about the old
6 Canadian Magazine, and it was suggested you may be able
7 to give us some further information. I don't know
8 whether there is very much additional information
9 excepting if you can tell us how much the old company
10 lost?

11 MR. DALY: I went in and dug out the figures
12 because of your request and added this paragraph. We
13 lost approximately half a million dollars from 1926
14 to 1937, as we state here. The new company carried
15 on until April 1939 for about fifteen or sixteen months.
16 I think the last issue of Canadian Magazine was April
17 1939.

18 COMMISSIONER JOHNSTON: You have no knowledge
19 of how much they lost?

20 MR. DALY: I have some knowledge. I know
21 Major Maclean put in additional money, and I think with
22 everybody dead now....

23 COMMISSIONER JOHNSTON: Except those present.

24 MR. DALY: Well, with everybody dead who put
25 money into it -- put it that way: that an old secret
26 may be let out, and his brother Colonel Maclean advanced
27 \$60,000 during that period which went down the drain
28 also, and Mr. Nash put a little money in. I don't know
29 the totals, but I guess another \$100,000 might have
30 gone down. One thing that should be mentioned is that



1
2 the new company paid one hundred cents in the dollar --
3 the men concerned put enough money in to pay off all
4 the obligations of the company, even though they could
5 have put the company into bankruptcy.

6 COMMISSIONER JOHNSTON: What has always
7 interested me has been it seemed that the magazine under
8 the editorship of Joseph Lister Rutledge encouraged
9 young writers, and he sought to teach and guide them,
10 and I think it was a tragedy that that magazine didn't
11 continue. However, that is all the information you
12 have?

13 MR. DALY: The files on the magazine are in
14 our office, and I would agree with you from looking
15 at old copies they certainly gave a great deal of
16 encouragement to young writers, and especially fiction
17 writers, at that time.

18 COMMISSIONER JOHNSTON: When was it started?

19 MR. DALY: I don't know.

20 COMMISSIONER JOHNSTON: Way back?

21 MR. DALY: Yes, I think around 1900, but I
22 think it changed names as many of them did.

23 COMMISSIONER BEAUBIEN: On Page 3, Paragraph
24 6, of your brief you list (a) and (b) as factors con-
25 tributing to the present health and success of the
26 Canadian Business Press: the hunger of Canadians in
27 business, industries, and the professions for information
28 and education dealing specifically with Canadian problems
29 and the fact that Canadian business publishers have
30 wrought a veritable revolution in the editorial quality



1
2 of Canadian trade and professional publications in the
3 past twenty years. Do you not think this is a built
4 in protection that to a large degree may offset the
5 competitive advantage of foreign publications?

6 MR. DALY: I think it is our first line of
7 defence, as I have tried to point out. I think it is
8 our first line of defence and a thing we must concentrate
9 on. However, there is a certain point, I believe, at
10 which Canadian publications by split-run techniques,
11 and so on, would materially reduce our revenues to
12 that point where we could not carry out this editorial
13 program anymore. We must have advertising revenue
14 to employ the best editors and pay good salaries, and
15 so on.

16 COMMISSIONER BEAUBIEN: In Appendix A you
17 list your magazines by name and when they were founded --
18 the first one in 1880. Now, let us skip to 1954: from
19 1954 up to 1959, during that period of time you brought
20 out on the average over one magazine a year and you
21 have held onto those magazines for quite a period of
22 years. Do you not think that indicates a pretty
23 healthy state of economics as far as you are concerned?

24 MR. DALY: It does indicate we have built
25 up the resources to launch new magazines. The launching
26 of a monthly trade magazine in Canada today of average
27 circulation means a loss of \$60,000 to \$100,000 in the
28 first year, and probably, even if the magazine is
29 successful, a loss of \$50,000 to \$60,000 in the second
30 year, and by the third or fourth year you should be



1
2 breaking even if you have picked a good field and one
3 that is reasonably successful. On the other hand,
4 this does not list the magazines we have tried and
5 which have not been successful, nor the magazines we
6 have sold over this period of time. We are still
7 optimistic about the role and possibilities of trade
8 magazines in the Canadian economy -- ones that will do
9 a proper Canadian job. That is why we have launched
10 these in fields which were either not previously served
11 by a publication, or by an association publication
12 only.

13 COMMISSIONER BEAUBIEN: There is something I
14 don't quite understand, and that is, an individual
15 like myself, for instance, not being able to subscribe
16 to one of your magazines, even if I am not a member of
17 the profession. For instance, I am not an architect --
18 I am an engineer -- and I couldn't subscribe to one
19 of your magazines about architecture?

20 MR. DALY: Not unless they had a category of
21 engineering recipients.

22 COMMISSIONER BEAUBIEN: What is the reasoning
23 behind that?

24 MR. DALY: Well, our subscription rates in
25 Canada are \$6 a year. Abroad they are \$25 a year, and
26 we get a lot of revenue from abroad including the
27 Soviet Union and Red China. Sometimes they appreciate
28 Canadian technical magazines more than the Canadians.
29 But, \$6 a year does not pay the cost of printing the
30 magazines, and over-run; it does not pay the cost of



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2 mailing it, or the accounting procedures and invoicing,
3 and so on . The recipients are chosen because they
4 are potential customers of the advertisers in that
5 field. To deliver to the advertisers the most tailored
6 and most closely focussed market, it is required that
7 we concentrate on selected recipients.
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2 If we -- for instance, housewives want
3 to buy the Canadian Architect for house plans
4 or something of that nature for \$6 a year and
5 in a little while we have a totally diffused
6 situation where we cannot sell to the advertiser
7 as being focused and giving him the readership of
8 this very important group of architects. Some
9 houses in the United States, some of the architectural
10 magazines sell to non-eligible recipients at a much
11 higher subscription rate. They sell at \$6.00 a year
12 to architects and something like \$25 a year to
13 others. Possibly we should be doing that and we
14 might if we get the demand.

15 THE CHAIRMAN: I have no questions but
16 I have one comment. Just to satisfy my own
17 curiosity, among the testimonials which you gave and
18 which you quoted from there is one from Mr. C. F.
19 Williams manager of the Shell Oil Company of Canada
20 Limited and he says "I like the Canadian atmosphere
21 in your magazine". This morning I picked up the
22 latest edition of Marketing and the first item
23 says, "Shell ads for 1961 switch to dailies". Now,
24 I think they have made a very sensible decision for
25 the operation of Shell but what interests me is to
26 know just what control Mr. C. F. Williams has over
27 his own marketing administration. The item says:

28 "Shell Oil in Canada like shell in the

29 "U.S. will switch next year to a daily
30



"newspaper campaign. About \$1,500,000.00
"will be spent to explain the story of Shell
"products instead of a previous multi-media
"campaign to establish a friendly image
"for Shell.

"The Canadian campaign won't duplicate
"the U.S. ads says Andrew Kershaw, managing
"director of Ogilvy, Benson and Mather
"(Canada) Limited, although the same
"agency handles the U. S. Shell account."

Apparently the advertising of these people
of Shell is not determined at all in Canada. Seemingly,
according to this it is determined by Mr. Andrew
Kershaw and Ogilvy, Benson and Mather who are pretty
powerful people, I am sure. This is the thing that it
seems to me we run up against all the time in these
decisions for Canadian companies with respect to
their advertising being taken not here but in
offices in New York City on Madison Avenue. I will
not say anymore about that. There was another
interesting item in Marketing and when Mr. James
returns to Ottawa in the new year we will ask him
about this. This is a full page ad saying that
96 new advertisers joined MacLean's during 1960.
That is all, thank you very much.

MR. DALY: May I add a word? This problem
you have mentioned is also of particular interest
to us and if we did not have our new found connection
I would be even more worried about them going into



1
2 dailies. We find also that many Canadian
3 subsidiaries, their advertising policies if not
4 dictated are strongly influenced by the policies
5 of the American parent company and this is just as
6 difficult in our field.

7 One thing we do find is that in general
8 after these people have gone to one medium exclusively
9 for their advertising they come back to a more
10 balanced diet at some later date.

11 THE CHAIRMAN: You mean they leave the
12 newspapers for a more balanced diet? You have
13 lost your case completely.

14 COMMISSIONER JOHNSTON: At page 11 in your
15 brief you suggest that 75% original Canadian
16 editorial content. Are not Canadian publications
17 already producing magazines with 75% or more
18 Canadian content?

19 MR. DALY: Yes. We are particularly
20 referring here to the problem of the so-called
21 Canadian editions and split runs. We believe that
22 if Time, for instance, which takes about \$1,000,000.00
23 of its \$4,000,000.00 revenue from the so-called
24 business sections of papers were to have 75%
25 or more Canadian content it would put us on a more
26 equal competitive footing.

27 COMMISSIONER JOHNSTON: First of all, having
28 made this recommendation, should you not produce
29 a definition as to what is Canadian content?
30



1
2 MR. DALY: We will be glad to do so
3 for your supplemental hearings.

4 COMMISSIONER JOHNSTON: Are you sure you
5 can do it?

6 MR. DALY: Well, it has been done in
7 T.V. and --

8 COMMISSIONER JOHNSTON: I do not know how
9 they do it on T.V. but it is not going to be an
10 easy thing to define. The other point I wish
11 to make is that I hope we do not get magazines
12 in this country, Canadian magazines that have
13 nothing but Canadian content because I like to
14 read about something else. I do not want all our
15 information in foreign affairs to be filtered
16 through New York.

17 MR. DALY: I quite agree and we thought
18 the 75% leaves a little leeway for outstanding
19 contributions from other countries. You must
20 remember Canadians are reading in great numbers
21 the professional magazines from these other companies
22 directly that does not require Canadian magazines
23 to keep as many international bureau men in
24 Washington and London as if there were not this
25 tremendous readership of Canadian magazines.

26 COMMISSIONER JOHNSTON: Have you
27 available the expenditures of various advertisers
28 in trade papers?

29 MR. DALY: Yes, there is a service called
30 Elliott Haines Service which published those figures



1
2 This has only relatively recently been established.
3 The total expenditures in trade and professional
4 papers is in the neighborhood of \$30,000,000.00 a
5 year in Canada at the present time.

6 COMMISSIONER JOHNSTON: We had a represent-
7 ative of the advertising agencies who told us he
8 did not know how to get such figures so perhaps
9 you will get in touch with him and tell him.

10 MR. DALY: We will be glad to have Elliott
11 Haynes sell him a subscription.

12 THE CHAIRMAN: Thank you very much. We
13 will have a five minute recess now.

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15 ---Short recess.
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SUBMISSION OF THE ONTARIO FEDERATION OF PRINTING
TRADES UNIONS

APPEARANCES:

MR. H. A. TOMKINSON, President

MR. G. MacMILLAN, Secretary Treasurer.

MR. TOMKINSON: Mr. Chairman, we are also accompanied today by representatives from the Toronto Photo Engravers Union, the Electro Typers and Stereo Typers Union, the Brotherhood of Bookbinders and the Toronto Typographical Union and the Toronto Mailers Union.

The Ontario Federation of Printing Trades Union represents the vast majority of the Printing Trades craftsmen in the Province. With the exception of the Amalgamated Lithographers of America, all of the craft unions in the Graphic Arts are affiliated with it, and it is the only organization representative of the crafts in the printing industry in the Province of Ontario.

The Ontario Federation of Printing Trades Unions welcomes the opportunity to draw to the attention of the Royal Commission, a situation which we believe to be not only detrimental, but places the printing industry in an unfair position with respect to other industries in this country.

In the Dominion of Canada the postage rate is 2¢ per copy for second class matter. In the United



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2 States, the same matter can be mailed to any address
3 in Canada for less than the Canadian postal rate.
4 It follows that if no tariff is imposed on printed
5 material entering this country from the United
6 States of American, then a printer or publisher
7 could have his printed work done outside of this
8 country and mailed to any point in Canada at a
9 cheaper rate. This, in the opinion of the Ontario
10 Federation is a situation that makes it most
11 attractive for a Canadian buyer of printed material
12 to have the work done in the United States and mailed
13 to this country.

14 The case of one printing house can be
15 cited, in which a magazine was published in Canada
16 for Canadian readers for a period of 15 years. With
17 the incentive of cheaper postal rates, this Canadian
18 publication is now printed in the United States
19 and mailed to its Canadian readers.

20 The Ontario Federation respectfully
21 submits to the Royal Commission the peculiarity
22 of the situation, wherein it would be more
23 profitable for Canadian printing to be done in the
24 United States of America and mailed to Canadian
25 readers.

26 The Ontario Federation respectfully
27 suggest that in addition to the problem of postage
28 rates, the balance of import over export of
29 printed material between Canada and the United
30



1 States is most one sided. In the following
2 quotations from the Dominion Bureau of Statistics
3 and the United States Department of Commerce for
4 the year 1959, the balance between imports and
5 exports in terms of dollars, of printed material
6 is clearly shown.

7 Printed material exported from Canada to the U.S.A.

8 \$3,913.690.00

9 Printed material imported from U.S.A. to Canada

10 \$87,371,013.00

11 The statistical figures obtained from the
12 United Kingdom Trade Commission and Consulate
13 General of France for the same year do not indicate
14 any such balance.

Export of Printed Material to all countries	<u>Imports</u>
United Kingdom \$72,744.718.00	\$19,060,318.00
France 41,708,386.00	30,269,128.00

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20 A perusal of the comparisons shown above
21 must be some indication of the unfortunate position
22 of the Canadian printer.

23 The Ontario Federation of Printing Trades
24 Unions respectfully suggests to the Royal Commission
25 on publications that the Candian printer should
26 have every opportunity to compete, as far as
27 possible, on an equal basis with other countries
28 for printed material that emanates from Canada and
29 intended for Candian consumption. We respectfully
30 urge the Royal Commission to do everything within its



1 term of reference to aid the Ontario Federation in
2 this objective.

3 All of which is submitted by The Ontario
4 Federation of Printing Trades Unions.

5 COMMISSIONER JOHNSTON: Mr. Tomkinson,
6 I come from a printing family so I am very
7 sympathetic to the matter of competition particularly
8 from the United States. I have always thought that
9 it had to do mainly with the difference in the cost
10 of the physical production of the printing. You now
11 bring to our attention, and I think it has come up
12 before but it is well to have it emphasised, that there
13 is a difference in the postal rates working to the
14 disadvantage of Canadian printers.

15 MR. TOMKINSON: That is true, sir.

16 COMMISSIONER JOHNSTON: Have you any idea
17 whether such a thing could be corrected before
18 the next meeting of the International Postal Union?
19 I do not think that meeting comes along until 1962.

20 MR. TOMKINSON: Well, under the circumstances
21 at the present time I doubt very much whether anything
22 could be done but our recommendation is that something
23 should be done when that meeting takes place on the
24 postal regulations between the two countries.

25 COMMISSIONER JOHNSTON: In other words,
26 you might construe this presentation of yours today
27 as notice to the negotiators the next time?

28 MR. TOMKINSON: We would like to have it
29 noted as such.
30



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2 COMMISSIONER JOHNSTON: Are you willing
3 or would you be prepared to tell us what this
4 publication is that is printed in the United
5 States for distribution to Canadian readers?

6 MR. TOMKINSON: Yes sir. I have a letter
7 that was sent to Mr. Thomas Osborne last year
8 who was then the president of the Federation if
9 I might just read it:

10 "Dear Tom:

11 Attached is a copy of a letter from Mr.
12 Robert Watt of Livingstone Press that
13 indicates one effect of the recent U.S.
14 postal changes designed to encourage the
15 export of U.S. printing. This has achieved
16 the added result of taking printing from
17 Canada to the U.S.

18 I should point out first that Mr. Watt
19 has confirmed one error in his letter.
20 Where he cites a saving of 15/16ths of a cent
21 he means 15/8ths - that is, 1 and 7/8ths.
22 The new U.S. international minimum second
23 class rate of 1/8th of a cent per copy
24 applies, whereas the Canadian rate is 2 cents
25 per copy.

26 This is a religious publication -- the
27 magazine of the Evangelical Union of South
28 America, maintained by U.S. and Canadian
29 adherents, with offices in New Jersey
30



1 and in Toronto. Since 1940 or soon
2 thereafter it has been printed by
3 Livingstone Press and published in Toronto.
4 It was a quarterly, recently began prod-
5 ucing five copies per year, and has been
6 planning to go on a six-time basis. Press
7 run is 12,000.

8 Over the years, being a thrifty organization,
9 the Evangelical Union repeatedly compared
10 prices, but always found nothing was to be
11 saved by printing in the U.S. But, when the
12 Summerfield announcement was made in
13 November, these people found they could
14 effect a substantial saving from their point
15 of view by mailing in the U.S. They explained
16 their position to Mr. Watt, and there are
17 no hard feelings, but he does feel this is a
18 specific case of work lost to Canada as
19 a result of the U.S. public policy. He does
20 not want to embarrass his evengelical
21 friends with publicity, but feels those
22 concerned with trends in the industry should
23 know of this development, This is why I
24 pass the information along to you as
25 president of OFPTU.
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COMMISSIONER JOHNSTON: Is this magazine distributed exclusively in Canada or is it world-wide distribution?

MR. TOMKINSON: It is actually - it is called The Neglected Continent, pertaining to South America.

THE CHAIRMAN: It is a missionary magazine, is it?

MR. TOMKINSON: Yes.

THE CHAIRMAN: Do you know what class of labour they use? Would they use union printers?

MR. TOMKINSON: Yes.

THE CHAIRMAN: They would?

MR. TOMKINSON: Yes sir.

THE CHAIRMAN: Isn't it true that printers in the United States get a higher wage scale than printers in Canada?

MR. TOMKINSON: I believe so, sir.

THE CHAIRMAN: If they are using American printers would the postal rates make all that difference; that they could go over there and print a magazine in the United States and pay the higher rates, which I have always understood were roughly 20% to 25% more than in Canada? That is what the I.T.U. tells us, at all events, every year.

COMMISSIONER JOHNSTON: Every half-year.

THE CHAIRMAN: So, I just don't see this. I think this is a pretty small swallow which you have given us.

MR. TOMKINSON: Well, Mr. Chairman, I can only



1 say that from data we have been able to gather, and it has
2 been a very difficult situation as far as we are concerned
3 to try and get data for this particular brief, and for
4 some reason or other my information was - I could say was
5 promised, but that is beside the point. I can't say for
6 sure whether there is a publication in the United States
7 for these people, so I doubt very much whether - there
8 are only 12,000 copies printed here in Canada for Canadian
9 distribution.
10

11 COMMISSIONER JOHNSTON: For Canadian distribu-
12 tion it is 12,000 for Canada?

13 MR. TOMKINSON: Yes.

14 COMMISSIONER JOHNSTON: So, that is a 12,000
15 copy printing job that we no longer get?

16 MR. TOMKINSON: That is right, sir.

17 COMMISSIONER JOHNSTON: Could you give me the
18 class of printing that we export to the United States?
19 You say here in your brief that it is \$3,900,000; what
20 class are they?

21 MR. TOMKINSON: I am sorry, sir, I haven't got
22 that information with me.

23 COMMISSIONER JOHNSTON: Now, I think you said
24 that you have with you people from the Engravers' Union
25 and the Lithographers' Union, and so on?

26 MR. TOMKINSON: We are represented by the
27 Engravers' Union, the Electrotypers' Union, the Stereo-
28 typers' Union and the Brotherhood of Bookbinders.

29 THE CHAIRMAN: Are these International Unions?

30 MR. TOMKINSON: Yes sir.



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2 COMMISSIONER JOHNSTON: Is that a good thing?

3 MR. TOMKINSON: I beg your pardon?

4 COMMISSIONER JOHNSTON: Is that a good thing?

5 MR. TOMKINSON: We feel it is.

6 MR. R.J. McCORMACK: Mr. Chairman, could I take
7 the stand with my colleagues? My name is R.J. McCormack,
8 I am President of the Toronto Typographical Union, and I
9 would like to have an opportunity to try to answer some
10 of the honourable gentlemen's questions.

11 THE CHAIRMAN: How long will it take you? We
12 are rushing against time and we have no submission from
13 you. Are you associated with this brief?

14 MR. McCORMACK: Yes..

15 THE CHAIRMAN: Certainly; go over there, then.

16 MR. McCORMACK: I am interested in his question.

17 THE CHAIRMAN: Which question were you interested
18 in?

19 MR. McCORMACK: I think, if I heard Mr. Johnston
20 correctly, that it was, "Do we consider International
21 Unions a good thing?"

22 THE CHAIRMAN: We are not going to get into a
23 debate on that. I consider them a very good thing myself,
24 I might say, but that is just my personal opinion.

25 COMMISSIONER JOHNSTON: I think that that is
26 outside our terms of reference.

27 THE CHAIRMAN: Absolutely, yes. Thank you very
28 much for your presentation, gentlemen.



SUBMISSION OF BERTRAM TAYLOR RICHARDSON,

EDITOR OF THE TORONTO TELEGRAM

Appearance: Mr. B.T. Richardson

THE CHAIRMAN: Will you identify yourself, please?

MR. RICHARDSON: My name is Bertram Taylor Richardson, I am editor of the Telegram, a daily newspaper in Toronto.

Mr. Chairman and Members of the Commission, I feel that I have arrived at the point at which practically everything has been said before this Commission.

THE CHAIRMAN: I am sorry to interrupt you, but the brief has been submitted by the Telegram. Are you speaking as an individual or speaking for the Telegram?

MR. RICHARDSON: No. I was just about to explain that I am here in my private capacity, I suppose to the extent that anyone can disassociate his professional career with his private status, and it is possible after hearing the editor that the Telegram wouldn't be before the Commission, but I am here in my private capacity. I am a daily newspaper editor and I have some casual ---

THE CHAIRMAN: We are glad to take you as you are.

MR. RICHARDSON: I have seen Commissions, and this is really of no significance, but I am not associated with any magazine which is on the verge of bankruptcy, anything of that kind, and I can't speak really about the economics of the matter before this enquiry.



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2 I am really here only because I am anxious to
3 register a voice of dissent with some of the evidence
4 which I have heard and read about and which, I conclude,
5 has been predominant in the testimony before this enquiry,
6 and because I have had some experience with Royal Commis-
7 sion work myself, I feel an enquiry of this kind does
8 tend to get mostly evidence from people whose interests
9 are vested in the enquiry rather than the general public,
10 and I would like to speak on a few of the basic issues
11 there.

12 On getting in touch with the Secretary of the
13 Commission, I have discovered that you welcome written
14 statements, and so I prepared one and submitted 15 copies,
15 and I would like to follow along and read it.

16 THE CHAIRMAN: I would like you to read it.

17 MR. RICHARDSON: If you want to take it as read,
18 it is all right.

19 THE CHAIRMAN: No, I wish you would read it,
20 sir.

21 MR. RICHARDSON: I should say, perhaps, also
22 in a preliminary way, that any figures or statistics I
23 use should be regarded with a great deal of suspicion;
24 they are not advertising figures, or anything like that.

25 This Commission is concerned with, among other
26 things, the freedom of ideas in Canada. I am sure the
27 Commissioner accept as a basic proposition the contention
28 that the health and variety of Canadian life require a
29 free, continuous and unfettered flow of ideas. This
30 involves a right to examine, adopt or reject ideas from



1 outside sources, whatever they may be.

2
3 P.C. 1960-1270, which provided for the establish-
4 ment of the Royal Commission on Publications, indicates
5 that the problem under study here is both economic and
6 cultural. The Commissioners are asked to report on the
7 present position of Canadian periodicals in view of,
8 among other things, the competition of foreign magazines;
9 and as well to make recommendations that would contribute
10 to the further development of a "Canadian identity" through
11 a genuinely Canadian periodical press.

12 My appearance before the Commission is in my
13 capacity as a private citizen, whose views are influenced
14 by some thirty years of professional experience in news-
15 paper work. I appear, therefore, both as a reader and as
16 a professional journalist -- I am also the proprietor of
17 a public relations firm -- and, since your study is
18 concerned with "a Canadian identity", as a Canadian with
19 a continuing interest over some years with Canadian
20 affairs.

21 To leave no doubt about my viewpoint on the
22 terms of reference of this inquiry I would like to state
23 that I regard any action by the Parliament of Canada, as
24 a result of your report or recommendations, to establish
25 a protective wall in any form or degree around the
26 "Canadian identity" as wholly wrong and undesirable and
27 likely to bring disastrous consequences to the Canadian
28 people.

29 Since I have some responsibility for the
30 editorial comment that appears in the Telegram, I included



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2 here two or three editorials relating to this enquiry
3 which I would be glad to read. I included them simply
4 because I know the danger of public bodies not paying
5 attention to newspapers.

6 THE CHAIRMAN: I would like you to read them,
7 sir.

8 MR. RICHARDSON: The first one is dated
9 November 15th, 1960, and it is entitled "Foreign Magazines":

10 "The O'Leary Royal Commission has plunged, with
11 its public hearings this week, into a field of inquiry in
12 which measurements and yardsticks provide many answers.
13 Its task is to report to the Canadian Government on the
14 competitive situation in the magazine industry, in which
15 U.S. imports and Canadian editions of U.S. magazines have
16 made heavy inroads in recent years.

17 The Periodical Press Association, first witness
18 to appear, showed that U.S. magazine circulation in Canada
19 now outnumbers circulation of Canadian magazines by four
20 to one. Back 1948, the ratio was two to one.

21 The O'Leary Commission will no doubt give close
22 attention to the economic aspect of this problem. If
23 public policy up to now has given an advantage to foreign
24 enterprise, the advantage should be ended.

25 But steps to equalize the costs of foreign
26 suppliers of reading material cannot proceed far without
27 running into other problems. Are Canadians any the worse
28 or the better for reading U.S. material? As far as
29 national consciousness is concerned, the answer is that
30 Canadian national feeling has been growing steadily



1
2 during the time that Canadians have been devoting much
3 time to U.S. magazines. Reading habits cannot be regulated
4 by law, except at the risk of grave abuse of the cultural
5 liberty of Canadians.

6 A previous government sought to tax the Canadian
7 advertising content of U.S. magazines, and the present
8 Government properly cancelled the tax. Whether the tax
9 was illegal is still to be determined.

10 Proposals to "Canadianize" the reading matter
11 favored by Canadians will be watched closely on both
12 sides of the border. If the O'Leary Commission does
13 nothing more than clarify the arguments, it will serve a
14 good purpose."

15 Then, there is another editorial dated November
16 19th, 1960, and this is entitled "Royal Commission off
17 Base":

18 "The O'Leary Royal Commission on Publications,
19 in its attacks on Time Magazine, goes far beyond the
20 bounds of its investigation and tunnels at the very founda-
21 tion of press freedom in Canada.

22 The Commission was set up to examine the plight
23 or otherwise of Canadian magazines and periodicals,
24 which claim they are being drained of potential advertising
25 revenues by unfair competition from Canadian editions of
26 U.S. magazines.

27 But the chairman, Grattan O'Leary, and a commis-
28 sioner, George Johnston, have pursued a line of questio-
29 ning and comment that clearly indicates they presume to
30 hold court on the editorial integrity and judgment of



1
2 Time Magazine.

3 From a distinguished newspaperman and a former
4 newspaperman, acting in an official capacity, this is
5 strewing quicksand on the path of freedom of the press.
6 Editorial integrity and judgment are matters for the
7 individual editor on the individual publication, respon-
8 sible not to any official tribunal but to their readers
9 among the general public.

10 It is a sorry enough sight when Canadian maga-
11 zine publishers, cap-in-hand, parade to Ottawa for hand-
12 outs. It is not improved by the Royal Commission conduc-
13 ting an apparent vendetta against one publication that
14 happens to be published in the U.S."

15 The next editorial is dated November 24th, 1960,
16 and it is entitled "Publisher Speaks Up":

17 "The appearance of Stuart Keate, publisher of
18 the Victoria Times, before the O'Leary Royal Commission
19 at its Vancouver hearings, is a refreshing development.
20 Mr. Keate, as he explained, had experience in the periodi-
21 cal field though he is now a newspaper publisher. He
22 argued that Canadian magazines do not require outside aid
23 or protection.

24 Mr. Keate is known for his interest in press
25 freedom and the problems arising from government interven-
26 tion in the printed word. He is a member of the Inter-
27 American Press Association, and other groups. He expressed
28 a point that should be considered by the inquiry into
29 Canadian magazines. Freedom in this field includes the
30 freedom of advertisers to use the medium of their choice.



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2 The main charge against some U.S. magazines is
3 that they obtain advertising in Canada, to the detriment
4 of Canadian publications. If protective action should be
5 taken by the Canadian Government, there is no guarantee
6 that the advertising involved would flow to Canadian maga-
7 zines. The advertisers might choose to utilize Canadian
8 newspapers or television or radio.

9 If Canadian periodicals fail to compete, the
10 reason must be sought in what the magazines offer to adver-
11 tisers in the form of aggressive publications, good mate-
12 rial, better editing, and superior service. Action to
13 control the magazine industry in any way is bound to run
14 into this problem.

15 The losers from limitations upon the freedom of
16 competition would be both the Canadian readers and the
17 Canadian advertisers."

18 COMMISSIONER JOHNSTON: Wasn't there a fourth
19 editorial?

20 MR. RICHARDSON: There were perhaps several
21 others that we have published since I prepared this brief.
22 I would be glad to put them in and glad to read them here.
23 I don't care one way or the other.

24 THE CHAIRMAN: These three sufficiently state
25 your opinion, though?

26 MR. RICHARDSON: I think so.

27 The question of the free circulation of ideas
28 in Canada came before the Supreme Court of Canada in the
29 infamous Alberta Press Act of 1938 and the judgment of
30 that court, written by Chief Justice Sir Lyman Duff and



1
2 Mr. Justice Davis referred to the constitutional principle
3 involved. The British North America Act, they wrote,
4 contemplates a parliament working under the
5 influence of public opinion and public dis-
6 cussion. There can be no controversy that
7 such institutions derive their efficacy from
8 the free discussion of public affairs, from
9 criticism and answer and counter-criticism,
10 from attack upon policy and administration
11 and defence and counter-attack; from the freest
12 and fullest analysis and examination from every
13 point of view of political proposals.

14 In the sophisticated climate of this inquiry,
15 the misguided attempt of a government of Alberta more
16 than 20 years ago, to seize upon the media of information
17 and thereby, as the Supreme Court of Canada found, to
18 "nullify the political rights of the inhabitants of
19 Alberta", in order to establish a vicious and illegal
20 system of Social Credit, may seem to be the aberration of
21 an ignorant, hill-billy mentality. That, in my opinion,
22 is exactly what it was.

23 But any administrative or legislative action by
24 the Parliament of Canada "to further develop a Canadian
25 identity", even in these more enlightened days and in
26 view of allegations of inequitable competition from
27 foreign periodicals, may come to very much the same thing.
28 The solons of Alberta sought to set free the souls of the
29 Canadian people through a phony credit system. The tenor
30 of some evidence put before this inquiry suggests that



1
2 the hope is to liberate the "Canadian identity" from
3 foreign influences in the expectation that this will make
4 the lives of Canadians and Canadian magazine publishers
5 somewhat less miserable than they are. This is a proposi-
6 tion that requires the most careful and anxious considera-
7 tion.

8 There must be, of course, in your recommenda-
9 tions that come from this inquiry, adequate regard for
10 the maintenance of the freedom of the press. That comes
11 from the terms of reference. On the basis of the judg-
12 ments of the Supreme Court of Canada and, as well, the
13 Canadian Bill of Rights, you are faced with an impossible
14 task. You are invited on the one hand to suggest some
15 action by Parliament to assist the periodical press and,
16 on the other, to arrange for the laudable result of
17 nourishing "a Canadian identity". This cannot be done
18 within the limits of our constitution and our common law,
19 that denies governmental intrusion upon the press and its
20 freedom. In my view, the magazine industry that has
21 lobbied for this inquiry and has sought to lay its econo-
22 mic problems upon the doorstep of the Government of
23 Canada, has fallen into a serious error from which it
24 should withdraw, and likely will, as soon as the probable
25 consequences are fully understood of the action that it
26 is requesting.

27 In this aspect of its inquiry, the Commission
28 can give only one answer. That is to advise the magazine
29 industry to seek relief for its problems in other direc-
30 tions and by other measures which will clearly avoid any



1
2 form of governmental assistance which can lead only to
3 control and regulation.

4 I heard the definition given by Marsh Jeanneret
5 here the other day with regard to this question, and I
6 thought it was admirable. I also read Hugh MacLennan's
7 rather fearful statement on this question.

8 In view of the terms of reference of this
9 inquiry, there must inevitably be some discussion of the
10 nature of the "Canadian identity" for the preservation
11 and development of which you are called upon to bring in
12 recommendations. The phrasing of P.C. 1960-1270 should
13 not mislead anyone into thinking that the preservation of
14 a Canadian identity rests entirely, or even largely, upon
15 the adoption of protective measures for the Canadian maga-
16 zine industry. The periodical press exercises an impor-
17 tant function in circulating ideas and disseminating
18 information to Canadian readers, but it does not exercise
19 this function in any exclusive way. Media of communica-
20 tion include radio and television, theatre and pulpit,
21 the daily and weekly press, the classroom, the book
22 business and the publication of material of many kinds
23 and in many ways. All of these media flourish and operate
24 within their own limitations, within the laws of Canada
25 and within the canons of public taste and public interest;
26 and any proposals that may be made to assist or control or
27 regulate any one of them, concerns them all. They would
28 concern the Canadian people, and the right in this country
29 of free access to ideas.
30



1
2 One of the questions was raised as to whether the free-
3 dom of the press would be infringed in any way if there
4 was a tax on advertising. That is a matter that is
5 before the courts in a case that is of interest to this
6 inquiry. My answer to that is, advertising is like
7 any other commodity, and it is subject to taxation or
8 to the treatment any other commodity is. Whether it
9 is illegal or not is being determined by the courts.
10 Advertising is much more than a commodity: it is a
11 medium of communication because it conveys and dissemin-
12 ates information. I think the history of the freedom
13 of the press indicates this is one field which the
14 government, in a democratic country, should have great
15 reluctance about using. It is a weapon which can be
16 used against the press to suppress it. It has been
17 so used in the case of La Prensa which was destroyed
18 by the weapon of self-taxation by the Peron Government.

19 The problem of defining the Canadian identity,
20 to judge from the numerous Royal Commissions established
21 to consider some or all aspects of it, appears to fur-
22 nish Canadians with their favorite indoor activity.
23 Canadianism, we are told on appropriate occasions, is
24 under assault from influences outside the country,
25 mainly from our neighbor, the United States. As long
26 ago as 1928, the Aird Commission was set up to consider
27 how the radio listening audience might be provided with
28 material that would foster citizenship and a national
29 spirit. A quarter of a century later, the Massey
30 Commission and then the Fowler Commission were inquiring



1
2 into these same matters, among other things. The obvious
3 conclusion must be that the national spirit is very
4 durable, since it is still flourishing. The basic
5 assumption, which in my view is wholly erroneous, that
6 broadcasting is the true custodian of the national
7 spirit, has remained unchallenged until the magazine
8 publishers have come along with the contention that
9 they are the real keepers of the Canadian mind and heart.
10 All this time, there has been no question about the
11 existence of a true and lively Canadianism, though
12 the alarmists have continued, from time to time, to
13 sound the panic cry that the Americans are coming, and
14 Uncle Sam will get us all, if we don't watch out.

15 The existence of a Canadian identity is like
16 a talent for painting, which our foremost creative
17 painter explained recently by saying: "You either got
18 it or you ain't." Also applicable is what Louis
19 Armstrong said of modern jazz: "If you have to ask,
20 you'll never know."

21 To put into the record a serious definition,
22 however, I would quote from the report of the Massey
23 Commission 1951:

24 "Through all the complexities and diversities
25 of race, religion, language and geography,
26 the forces which have made Canada a nation
27 and which alone can keep her one, are being
28 shaped. These are not to be found in the
29 material sphere alone. Physical links are
30 essential to the unifying process but true



1
2 unity belongs in the realm of ideas. It is
3 a matter for men's hearts and minds. Canadians
4 realize this and are conscious of the impor-
5 tance of national tradition in the making.

6 It is popular at the present time to discuss
7 the need for Canadianization of foreign influences, both
8 economic and intellectual, in Canadian life. This
9 inquiry is the latest of a series of Royal Commissions
10 that have considered aspects of our national culture, but
11 it is the first that has been invited to consider the
12 Canadianization of the reading matter supplied by the
13 periodical press to the Canadian people. The Commission
14 must engage upon its duties with some trepidation since
15 the logic of its assignment must lead it to consider
16 whether some embargo should be imposed upon foreign
17 material relating to the interpretation of Shakespeare,
18 the poems of Milton or of Whitman, the essays of Emerson,
19 the speeches of Lincoln or the views of John F. Kennedy,
20 as well as the mysteries of major league baseball
21 or the private lives of movie stars, since all this
22 material and much more comes within the ambit of reading
23 material reaching the Canadian audience through foreign
24 magazines. The point at which the test of Canadianiza-
25 tion may be applied to reading material is one that
26 cannot be determined, and one that no government in
27 this country should in its wisdom, seek to determine.

28 It is possible for this Commission to reverse
29 a trend favoring forms of subsidy and state assistance
30 that is implicit in the reports of the Massey Commission



1
2 1951, the Fowler Commission on Broadcasting, and others,
3 and recognize that the cultural and intellectual develop-
4 ment of Canada is better left to the Canadians them-
5 selves, rather than to the ministrations of Parliament
6 and of successive governments at Ottawa, that may
7 possess quite different concepts of the Canadian
8 identity than that which we hold today.

9 At the same time, I support reasonable action
10 along some lines that have been suggested to this
11 inquiry. One of them is a remedy for the low U.S. postal
12 rates as a form of subsidy of U.S. publications.
13 Related to this is the question of whether Canadian
14 postal rates contribute to the enrichment of U.S.
15 magazine publishers without commensurate service to the
16 Canadian people. By all means, injustices to Canadian
17 publications should be remedied. To deal with matters
18 of this kind, however, through a full-fledged inquiry
19 of this nature is very much like using an elephant
20 gun to hunt butterflies.

21 The same is true of the problem of concentrated
22 foreign control of newsstand distribution in Canada
23 which, to judge from some of the evidence reported to
24 this inquiry, requires alert and aggressive action by
25 combines investigators and the law officers of Canada.
26 If there is a violation of the law in this, I am
27 heartily in favor of sending someone to jail.

28 I would say the same thing of the problem of
29 copyright which was mentioned here. That works against
30 Canadian writers and authors and it certainly is a



1
2 shameful situation it is allowed to continue. It is
3 due to the inertia of successive governments we have had
4 in this country that Parliament doesn't clear this
5 up right away.

6 I would offer some brief comments on Time
7 Magazine and Reader's Digest, the two magazines to
8 which the strongest exception is taken by the Canadian
9 periodical industry. Both of these magazines are big
10 enough to defend themselves, but I would point out that
11 each of them has had a marked influence upon Canadian
12 journalism and the influence, on the whole, has been
13 good.

14 Both magazines have plenty of readers in Canada
15 to speak up for them. This fact supports the view that
16 they are useful pipelines carrying ideas and creative
17 techniques into Canada to enrich Canadian life. Most
18 newspaper editors would agree, I believe, that they are
19 ready to borrow useful ideas from either Time or Reader's
20 Digest or, for that matter, many other foreign magazines.
21 The further fact that they both have steadily Canadian-
22 ized their operations in Canada testifies to the compul-
23 sion that they experience in Canada to do just that. As
24 magazines, they have their dull moments, and their
25 lapses. They publish a good deal of material that
26 does not interest me. They have substantial reader
27 acceptance among Canadians. I would rather leave it to
28 public taste and to advertisers' preference rather than
29 to Parliament to determine what the Canadian people should
30 read.



1
2 Time Magazine is a news-digest type of
3 publication which was modelled originally upon techniques
4 developed in Fleet Street in the popular British press.
5 After a slow start in 1923, it won circulation and
6 became for a time a sort of textbook for a generation
7 of young newspaper reporters, in Canada and elsewhere.
8 Its effect is seen in Canadian journalism today and may
9 be detected even on the editorial pages of such eminent
10 newspapers as the Ottawa Journal and the Toronto Tele-
11 gram - where lively, readable and quotable writing is
12 admired and encouraged.

13 Reader's Digest is a magazine that is
14 founded on a simple technique that has been available
15 to magazine publishers elsewhere and which has, in fact,
16 been adopted with profit by other publishers. It is
17 the technique of reprinting in condensed form. This
18 has had a profound effect upon newspaper and magazine
19 publishing in Canada and all over the world. Reader's
20 Digest has demonstrated that 100 words will say what
21 1,000 words once said, and that is the secret of
22 success in modern journalism.

23 This Commission would have to consider
24 possible consequences not regarded as desirable by the
25 Canadian magazine industry, if it should recommend to the
26 Government and to Parliament some measures of protection
27 for that industry. Such measures could hardly be
28 devised to operate within the Canadian system of free
29 enterprise without encouraging U.S. magazines to move
30 their operations into Canada, where they would continue



1
2 as subsidiaries complying with the law and enjoying
3 the shelter of the tariff or whatever other form of pro-
4 tection that is available. This has happened in many
5 other industries, and it would happen in the magazine
6 industry.

7 Any governmental action to sustain, say,
8 Liberty magazine or Saturday Night from U.S. competition
9 would create a protective dyke behind which not only
10 Liberty, Saturday Night, Maclean's and Chatelaine
11 would shelter, but also a variety of other magazines
12 that would come in to enjoy the protection and to share
13 the market. There are two reasons for this. The first
14 is that the Canadian advertising market is one of the
15 most lucrative in the world, in proportion to population.
16 This is supported by the very high price paid for
17 newspaper properties in this city when they have changed
18 hands. It is bound to attract competition just as honey
19 attracts flies. The second reason is that protection
20 would be preferential in its effect, with the result
21 that instead of shutting out capital and creative
22 talent interested in exploiting the Canadian market, it
23 would simply encourage these economic factors to come in,
24 establish a base in Toronto, and compete. I would
25 offer no opinion whether or not this would be a desirable
26 development, but I am sure it is not the result desired
27 by the Canadian magazine industry.

28 It is a strange situation to me that in the
29 period of more than 30 years in which the news magazines
30 were perfecting their technique in the United States and



1
2 building up large audiences, no conspicuous effort was
3 made by the Canadian magazine industry to adopt the
4 technique and command readership here. As a result,
5 in view of the lucrative market, Time Magazine decided to
6 move into Canada with its international edition. It
7 was open for a Canadian magazine publisher to acquire
8 rights to the contents of a U.S. magazine, to utilize
9 the material, to Canadianize it, to amplify it with
10 Canadian material, and to do precisely what Time and
11 Reader's Digest are now doing. They are publishing as
12 Canadian magazines.

13 The question has been asked whether they are
14 Canadian magazines. Well, they operate in this country.
15 They are American magazines, but I think this inquiry
16 would miss the whole point about these two properties
17 if it didn't realize that these magazines are really
18 international magazines, and that is something new
19 in the field of magazines and in the field of journalism.

20 No one, to my knowledge, undertook this
21 logical step to meet competition that the Canadian
22 magazine industry now claims will soon drive it out of
23 business. Both Time and Reader's Digest face strong
24 competition in the U.S. market, and it is open to a
25 Canadian publisher to find useful allies there to
26 meet and defeat the competition that they face here.
27 In view of the multiplicity of U.S. news magazines and
28 their competitive instincts, the opportunity is still
29 probably open.

30 I know about 25 years ago I was engaged



1
2 with a group in drawing up a prospectus for a magazine
3 of this kind, and I know the opportunity did exist
4 at that time. It seems the contents of Time Magazine
5 have been used in places like Australia for republica-
6 tion there as part of an Australian package; not at
7 the present time, as far as I know, but that was done
8 at one time.

9 One final point needs to be mentioned. The
10 problem under study here is not one for magazine
11 publishers alone. For the professional writer in
12 Canada, including journalists, the governing factor is
13 that Canada is part of the English-speaking world and,
14 equally, the French-speaking world. The English-speaking
15 world comprises some quarter of a billion persons. The
16 Canadian writer occupies an exceptionally fortunate
17 position in view of the immense market that is open to
18 him, and in view of the vast and variegated pool of
19 ideas, of writing techniques and of creative expression
20 from which he may draw for inspiration. The French-
21 speaking writer, too, has a strategic advantage that is
22 apparent as soon as the position of writers in countries
23 of other languages is considered.

24 At this inquiry countries such as Switzerland
25 and Belgium and Ireland have been mentioned. The
26 position of the writer in a country like the Netherlands
27 is under much greater handicap than we think, and we
28 see immediately that the English or French writer in
29 Canada has a tremendous advantage in a sense.

30 The influence upon Canadian life of the



1
2 English-speaking world is continuous and pervasive,
3 and it is from this source that Canadians draw, and
4 always have drawn, for much of the creative inspiration
5 that gives true significance to Canadianism. Stephen
6 Leacock referred to this situation when he said that he
7 would not want to leave Canada because that would leave
8 the United States too far away.

9 It is against the immutable background of
10 geography and of a common language with the United
11 States, that all propositions for developing a
12 Canadian identity must be judged. If efforts had been
13 successful in the past to build dykes against the em-
14 bracing flood of influence that has operated upon
15 Canadian life, there would have been no Canadian identity
16 as its meaning is understood today. If such efforts
17 are successful in future, nothing but disaster would
18 result. Canadian nationalism is a product in the first
19 instance of the traditions of French Canadians and the
20 beliefs of loyal British colonists. It is a product
21 of outside influences on which Canadians exercised their
22 own powers of choice and discrimination and I, for
23 one, am content to see the process continue, certain
24 that the end result will be a more powerful and
25 beneficial Canadian nationalism and a more highly ener-
26 gized Canadian tradition.

27
28 ---Luncheon Adjournment.
29
30



1
2 ---On resuming at 2.15 o'clock.

3
4 SUBMISSION OF SPONSOR MAGAZINE

5
6 APPEARANCE:

7 MR. NORMAN GLENN, President and
8 Publisher of Sponsor
9 Publications.

10 -----

11 MR. GLENN: Mr. Chairman, I am the
12 president and publisher of Sponsor publications
13 which publishes Sponsor, a weekly magazine,
14 headquartered in New York City; I am also president
15 and publisher of Canadian Sponsor which is published
16 in Toronto.

17 THE CHAIRMAN: Have you anything you
18 would like to tell us about these magazines?

19 MR. GLENN: I very much appreciate the
20 invitation to appear here. The question that was
21 asked me when the gentleman called me from Ottawa
22 one day was, the Commission is interested in
23 knowing why Canadian Sponsor is published by a U.S.
24 publisher in Canada and is completely Canadian
25 except for financing. I will do my best to explain
26 that to you today. I have some exhibits here, copies
27 of Canadian Sponsor.

28 THE CHAIRMAN: I have them here myself but
29 my fellow Commissioners may like to see them.

30 MR. GLENN: I also have two copies of our



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100

1 U.S. Sponsors and if more are needed we can easily
2 furnish them.

3 The reason why I thought I would like to
4 do this on an oral basis rather than submitting
5 a written report and recommendations was that I
6 felt I could better express myself and get the
7 full flavour of why we are doing it this way by
8 oral means.

9 My interest in Canadian activity stems
10 from about the year 1937 when I first attended
11 a meeting of the C.A.B., the Canadian Association
12 of Broadcasters in Ottawa. I was then advertising
13 representative for Broadcasting Magazine published
14 in Washington D.C. I was immediately impressed
15 with the friendliness of the sessions and I met
16 such gentlemen as Harry Sedgewick, George Chandler,
17 Phil Lalonde, Guy Herbert and many others, some of
18 whom have departed from the scene and some of
19 whom are still with us.

20 Over the years I attended the meetings
21 with regularity; I don't think I missed a single
22 meeting of the C.A.B. I am referring here to the
23 national meetings and I do not think I missed one
24 from the year 1937 until I went into the service in
25 1943.

26 As time went on I became business manager
27 of Broadcasting and in my capacity had the opportunity
28 to express myself on the subject of Canadian
29 Broadcasting to the N.A.B., The National Association
30



1 of Broadcasters which is the counterpart of
2 C.A.B. and headquartered in Washington D.C. I
3 expressed myself on Canadian Broadcasting and what
4 I considered the community of interest --

5 THE CHAIRMAN: Mr. Glen, we are
6 desperately pressed for time and if you can cut it
7 short and tell us why you are publishing these
8 magazines and under what circumstances and what
9 it has to do with this enquiry it will help greatly.

10 MR. GLENN: All right, sir. Just to
11 shorten this procedure I will say that what I
12 attempted to do was tell the leading people in the
13 United States that there was much to be learned
14 from Canadian Broadcasting; that we for our part
15 could exchange information.

16 Later on when I started Sponsor after I
17 got out of the service, I felt we could gain much.
18 I came up here every year and developed a number
19 of friends in Canada. I knew our United States
20 publication was extremely well read here, --

21 THE CHAIRMAN: You were already publishing
22 your American edition?

23 MR. GLENN: We started publishing in 1946.
24 After I got out of the service I established that,
25 and we have put in quite a bit of information about
26 Canada. Since we are a fact and figures publication
27 our material was used up here and at some of the
28 meetings of the C.A.B was the primary resource for
29 facts and figures having to do with advertising.
30



1
2 About 1956 Jack Davidson, then president
3 of the C.A.B. met with about 20 of the leading
4 broadcasters where I was the guest invited to
5 explore how our magazine Sponsor could be of even
6 greater use to Canada. Out of this the germ of the
7 idea of the Canadian publication came.

8 In 1958 I began investigating. I sent a
9 man up here and he researched for 6 months to see
10 whether there was room for such a publication. He
11 reported there were two publications here that were
12 doing the job, one was the Canadian Broadcaster
13 which was doing a fine job among the people on the
14 broadcasting side and there was Marketing which
15 was an excellent publication but seemed to be more
16 print oriented. There seemed to be room for such
17 a publication as Canadian Sponsor. I then had to
18 make a decision as to whether the publication would
19 be a section within our regular weekly Sponsor,
20 a book that does well in excess of \$1,000,000.00
21 a year, or whether we wanted to have a separate
22 publication. I elected to publish a separate
23 publication once every two weeks on the premise
24 that it would have more interest and also develop
25 along the line which would be of greatest value
26 to Canadian broadcasters.

27 In June of 1959 we began publishing
28 Canadian Sponsor and we have published it since.

29 This is, in brief, the story of how
30 we came to be in Canada with Canadian Sponsor and



1
2 publishing it as we do.

3 I really did not have any feeling as to
4 whether it should be a section of Sponsor or a
5 separate book except after the research was done
6 it seemed as though people up here felt it should
7 be a separate book. I was urged by many people
8 to do it that way.

9 THE CHAIRMAN: I understand it is a
10 non-profit venture, the Canadian book? You do not
11 make money with this?

12 MR. GLENN: Well, not yet, but we hope
13 one day to do so.

14 THE CHAIRMAN: How many years have you
15 been publishing it?

16 MR. GLENN: We have been publishing
17 Canadian Sponsor since June of 1959.

18 THE CHAIRMAN: At a loss so far?

19 MR. GLENN: At present figures we are
20 away in the red to the tune of about \$130,000.00.

21 THE CHAIRMAN: But you are in the black
22 with your American Sponsor?

23 MR. GLENN: It is the American Sponsor
24 that supports the Canadian Sponsor.

25 THE CHAIRMAN: Do you get a tax exemption
26 for loss in Canada?

27 MR. GLENN: There are some elements we
28 do, some bookkeeping and so on and so forth but the
29 bulk of it we do not have a tax exemption. My
30



1
2 understanding is we do not have a tax exemption
3 on the book yet.

4 THE CHAIRMAN: Is it produced entirely
5 in Canada?

6 MR. GLENN: It is, completely one hundred
7 per cent produced in Canada. I am not even consulted
8 on any of the contents of it, I know nothing about
9 it until it is out and in my hands in printed
10 form.

11 THE CHAIRMAN: It is written, edited and
12 printed here?

13 MR. GLENN: Yes, and all subscription
14 efforts.

15 THE CHAIRMAN: Do you buy your paper
16 in Canada?

17 MR. GLENN: Yes, we do. Everything is
18 done in Canada.

19 THE CHAIRMAN: And you are not asking for
20 anything?

21 MR. GLENN: We are not asking for anything.

22 THE CHAIRMAN: You are unique.

23 COMMISSIONER JOHNSTON: Do you not think
24 the Canada Council ought to come into this?

25 THE CHAIRMAN: What else can you tell us
26 of significance about this magazine?

27 MR. GLENN: I am very much impressed with
28 the growth of Canada. I do want to express this one
29 point and this is the reason why I did not want to
30



1 put it on paper because I thought it might be
2 misunderstood. I believe, because broadcasting
3 knows no international boundaries, there is a great
4 deal to be gained on both sides of the fence. I
5 am very fond of Canadian broadcasters and we have
6 a good contingent of them over when we have the
7 meetings in the United States. I feel that we can
8 gain some good, there is a good exchange of inform-
9 ation.

10 THE CHAIRMAN: Who prints your magazine
11 in Canada?

12 MR. GLENN: MacLean's.

13 THE CHAIRMAN: I hope you get a good
14 press.

15 MR. GLENN: We get the best we can.

16 THE CHAIRMAN: Well, are you getting
17 advertising in Canada?

18 MR. GLENN: Well, at present we are getting
19 about 45% equally of what our monetary expenses are.

20 THE CHAIRMAN: What is your circulation?

21 MR. GLENN: 3,500.

22 THE CHAIRMAN: It is growing?

23 MR. GLENN: It has been growing. We started,
24 I think, with 2500.

25 THE CHAIRMAN: What is the circulation of
26 your American publication?

27 MR. GLENN: 15,000.

28 THE CHAIRMAN: Well, thank you very much,
29 Mr. Glenn. If we were not desperately pressed for
30



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Glenn

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1
2 time we would like to ask you a few other
3 questions. You are unique. You are publishing a
4 magazine that is not making money and you are not
5 asking us to do anything about it. Thank you very
6 much.
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SUBMISSION OF MR. B. T. RICHARDSON, EDITOR OF THE
TORONTO TELEGRAM (continued)

THE CHAIRMAN: Now, Mr. Richardson, in this series of editorials which you wrote about this Royal Commission, in the first one you concluded by saying:

"If the Royal Commission does nothing more than clarify the arguments it will serve a good purpose."

Well, there is one argument I am going to try to clarify a bit. You have laid great strength on press freedom all through your brief, your submission but I would say that you have neglected to define what press freedom is about and just how it relates to this enquiry. We have in this country what is known as Fair Trade Practices Laws; we have anti-dumping laws. Now, we have had some evidence here this morning of a United States magazine which charges in the United States \$2,244 for a certain page of advertising, a certain number of lines. For the same advertising in Canada under a split run they charge \$224 or \$1,000 less. Now, we have anti-dumping laws and I imagine most people would say with that split run cut of \$1,000 in one single ad would, in fact, constitute dumping, at least, it would be within the principle of dumping. A lot of people would say that this was not a fair trade practice, that it would come within the scope of our fair trade practices laws.



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Richardson

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1
2 Now, are you saying that these unfair
3 practices, dumping and unfair in other respects,
4 that this would be all right if they happened to
5 be practised by some man who owned a newspaper?
6 You see, my point is this: when it comes to unfairness,
7 when it comes to one citizen within a society
8 imposing injustice or unfairness on another
9 citizen within the same society that the freedom
10 of the press simply does not operate. The fact
11 of a man having a newspaper does not exempt him from
12 the law if he commits an injustice. Now, all through
13 this enquiry we have had people coming to us and
14 quoting to us something that was said by Sir
15 Lyman Duff in the Albert Press case. Just how they
16 reason that the Alberta Press case had any relation
17 whatsoever to anything we might do I do not know.
18 What was the case in Albert? There was a case where
19 a Government sought to impose upon the people
20 of Alberta an ideological or political dogma. They
21 said to the newspapers in Alberta, "if you dare
22 criticize us then we are going to compel you
23 to print our reply in any way we write it and
24 exactly as we write it at whatever length we write
25 it". That is what was at stake. This was an
26 absolute invasion not only of the rights of a
27 newspaper but of any citizen whatsoever. I must
28 say I am sorry to say this that the people who have
29 quoted Sir Lyman Duff to us, including your brief,
30



1
2 made the mistake of not quoting him in full. I
3 do not know whether the freedom of the press gives
4 him the right to take a line, take a judgment and
5 take it out of its contents and print one part of
6 it and not go on and print the whole of it. Now,
7 here is what you quote Sir Lyman Duff as saying and
8 I will read it to you:

9 "The British North America Act contemplates

10 "A Parliament working under the influence

11 "of public opinion and public discussion.

12 "There can be no controversy that such

13 "institutions derive their efficacy from

14 "the free discussion of public affairs,

15 "from criticism and answer and counter

16 "criticism, from attack upon policy and

17 "administration and defence and counter

18 "attack; from the freest and fullest

19 "analysis and examination from every point

20 "of view of political proposals."

21 Then you end there but Sir Lyman Duff

22 did not. Sir Lyman Duff went on to say this:

23 "But the right of public discussion is

24 "subject to legal restrictions, those

25 "based upon considerations of decency

26 "and public order and others conceived

27 "for the protection of various private

28 "and public interests."

29 Now, listen to that:



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Richardson

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1 "Restrictions conceived for the
2 "protection of various private and
3 "public insitutions."

4 Freedom of the press, in other words,
5 is subject to that. In a word he said that freedom
6 of discussion means, to quote the words of Lord
7 Wright in James versus Commonwealth, "Freedom
8 governed by law."

9 Now, some of the people who have appeared
10 before us seem to think that the newspapers are in
11 some way dispensed from the ordinary laws of
12 regulations which society lays down for the
13 Government of people within society. That is
14 absolute nonsense.

15 I have here two other judgments, one given
16 in the United States by Mr. Justice Coleman in the
17 A.S.Abell company case in 1955; he was the head of
18 United States District Court and this is what he
19 said:

20 "Freedom of the press is a constitutional
21 "guaranty. Yet this guaranty does not
22 "give immunity to the press...but merely
23 "secures to the press the same basic
24 "rights and immunities as are enjoyed
25 "by the public at large."

26 Nothing more and nothing less. This idea
27 that in some way the newspaper man has some special
28 privilege in the state or that a newspaper has
29 some special privilege in the state is simply not
30



1 true. All that he has is the freedoms given to
2 every citizen whether by the constitution, the
3 Bill of Rights or whatever.

4 Now, let me give you an even better
5 judgment and this is from Lord Shaw who was one
6 of the great figures of the privy council. This
7 is what he said in a judgment which he gave in
8 1938. He said:

9 "Their Lordships regret to find that
10 "there appeared on the one side in this
11 "case the timeworn policy that some kind
12 "of privilege attached to the profession
13 "of the press as distinguished from
14 "the members of the public. The freedom
15 "of the journalist is an ordinary part
16 "of the freedom of the public, and to
17 "whatever lengths the subject in general
18 "may go, so also may the journalist,
19 "but, apart from statute laws, his privilege
20 "is no other and no higher. The responsibil-
21 "ities which attach to his power in the
22 "examination of printed matter may, and
23 "in the case of a conscientious journalist
24 "do, make him more careful; but the range
25 "of his assertions, his criticisms, or
26 "his comments is as wide as, and no wider
27 "than, that of any other subject. No
28 "privilege attaches to his position."

29 And now, are we to argue then that if
30

the Parliament of Canada in its wisdom acting



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1 upon some recommendation by this Royal Commission,
2 decided to take action to prevent an injustice such
3 as this or others that have been cited before us
4 over the past months, that anybody would have the
5 right to come forward and say, "Oh, but you cannot
6 do this. You can do it for the ordinary citizen,
7 you can present unfair practices in the case of
8 ordinary citizens, you can prevent dumping in
9 the case of goods dumped here injuring one of our
10 citizens but you must not do anything that might in
11 any way interfere with the press". Surely that is
12 nonsense. I have been going to newspaper meetings
13 all my life and I have been hearing journalists
14 getting up and quoting instentorian tones those
15 words of Milton:

16 "Give me the right to know, to utter and
17 "to argue according to my conscience
18 "above all other principles."

19 If there has been a looser statement than
20 that in the English language in all of history I
21 do not know what it is.

22 "Give me the right according to my
23 "conscience to utter treason; give me
24 "the right according to my conscience to
25 "utter public blasphemy; give me the
26 "right according to my conscience to
27 "utter libel; give me the right according
28 "to my conscience, as Mr. Justice Holmes
29 "put it, to get up in a crowded theatre
30



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1 and shout 'fire'".

2 This is nonsense and yet it is quoted
3 again and again and again to support such contentions,
4 I am sorry to say, as you have made here today.
5 The truth is Mr. Milton although a glorious poet
6 was a bit of a humbug as a champion of freedom.
7 When he wrote these very words he wrote them in
8 fear that the British authorities were going to
9 suppress a tract which he had written in defence of
10 divorce at a time when his wife had left him. As
11 a matter of fact, this great champion of freedom
12 urged and advocated and preached that the
13 religious tracts of his opponents in England should
14 only be printed in Latin and read by one tenth
15 of one per cent of the English population. Finally,
16 the greatest irony of all, he ended his life as
17 a well paid censor.
18
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1
2 I am all for the press, but I must say that I
3 have never conceded it to be a fact that the press in
4 this country, whether a publisher or an editor or a
5 reporter enjoys one whit of privilege beyond that enjoyed
6 by the average citizen. Freedom of the press is freedom
7 of the printing press. That is only a freedom of speech
8 and the freedom of assembly, and they are always limited;
9 no freedom is absolute. If any man thinks there is
10 absolute freedom of assembly in Canada today, then let
11 him go out this afternoon and try and hold a public meeting
12 on Yonge Street. All those things are limited, and if
13 society feels it must do something for the protection of
14 its citizens to protect them from injustice at home or
15 abroad, then this business of running in and saying, "You
16 must not do it in the case of this man because he owns a
17 newspaper" - that is perfect nonsense, and I am making
18 this statement with some vehemence because we have been
19 plagued all through these hearings by people coming to us
20 and saying, "You can't do this and you can't do that or
21 the other thing because you are going to infringe on the
22 freedom of the press."

23 We could tax advertising as high as a hangman's
24 gallows and it wouldn't interfere with the freedom of the
25 press. It is an expression which may be persuasive, but
26 it is not opinion in that sense that freedom sought to
27 protect in the first place, and when you talk of the
28 Stamp Act and all those things, they were taxed not on
29 advertising but taxed on opinion by a tyrannical king,
30 and that is something entirely different. There is no



1
2 absolute press freedom. There is no absolute freedom;
3 there is no absolute freedom for speech, and for heaven's
4 sake I hope we will hear the end of this, whatever else
5 we do. Thank you very much, sir.

6 MR. RICHARDSON: Do you want a comment from me,
7 sir?

8 THE CHAIRMAN: If it isn't too long I would
9 like to have it.

10 MR. RICHARDSON: Well, I really have nothing to
11 say because I agree with what you say is nonsense, but I
12 can see that this bit of eloquence has been building up
13 for some time.

14 THE CHAIRMAN: I have been reading your edito-
15 rials; no wonder.

16 MR. RICHARDSON: I am pleased. I thought you
17 might have said that it precipitated it, because I can
18 see the importance of making a statement like that, and
19 there is nothing in my view that justifies a suggestion
20 that I believe it is in any way absolute. I went out of
21 my way to point that out.

22 Now, you started out by talking about dumping.
23 I said that I knew very little about advertising, but
24 with regard to the situation between someone who pays
25 \$2,200 for a page and someone who pays \$2,30,
26 my answer to that is that I hope the advertiser gets
27 what he pays for. That is the only question that is
28 involved in that.

29 I don't know whether you are called on to
30 review the Restrictive Trade Practices Act, but I hope



1
2 not; I don't think it is within your terms of reference.
3 The reason why the freedom of the press was mentioned
4 before this enquiry quite often is that it is in your
5 terms of reference, but what it means there is a matter
6 for you to decide.

7 THE CHAIRMAN: I don't know what it means myself,
8 because I couldn't see any possibility of our doing any-
9 thing that would infringe on press freedom.

10 MR. RICHARDSON: And the record didn't quote
11 the entire judgment of Sir Lyman Duff, which you haven't
12 completely reported yourself in what you said about the
13 Alberta Act. . .

14 THE CHAIRMAN: I quoted Sir Lyman Duff completely;
15 his "but" was the qualification of what had gone before,
16 and my objection to you, sir, is this; you didn't give
17 the qualification, but he qualified what he had said
18 before then. What he had said before that is a general
19 statement of principles, and I think when you come to
20 quote a man's judgment, and a historical judgment of that
21 kind, that the whole judgment should be quoted. If you
22 tabled it in Parliament you would have been asked, "Where
23 is the rest of it?" Is it like tabling a letter and not
24 the reply. We had a case the other day where some people
25 filed letters which they wrote to Mr. Harris and didn't
26 give Mr. Harris' reply or even his acknowledgement. That
27 was my complaint, and you were not the first to quote this.
28 So, it has been quoted to us again and again without
29 giving us the full judgment, and the full judgment
30 certainly clarifies what was said in the first place.



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1
2 However, if you agree with us any place, you
3 and I are in business, and don't write any more of those
4 editorials in the Telegram!

5 Thank you very much.

6 SUBMISSION OF THE CURTIS PUBLISHING COMPANY

7 Appearance: Mr. Robert Gibbon

8 THE CHAIRMAN: Would you identify yourself for
9 the record, sir?

10 MR. GIBBON: My name is Robert Gibbon; I am
11 secretary and a director of The Curtish Publishing Company,
12 and I am also a director and officer of several of its
13 subsidiaries.

14 THE CHAIRMAN: You may proceed.

15 MR. GIBBON: Would you like the presentation
16 read?

17 THE CHAIRMAN: If there are any quotes which
18 you would like, we would be glad to take the quotations
19 or figures and admit them into the record; is that
20 satisfactory with you?

21 MR. GIBBON: Certainly.

22 THE CHAIRMAN: And this is only because we are
23 so rushed that we are asking you to do it, sir, and we
24 are glad to have you here. There are some figures here,
25 and you can just simply take them as read.

26 MR. GIBBON: Thank you.

27 The Curtis Publishing Company is happy to accept
28 the invitation of the Commission to present the picture of
29 its overall operations and specifically the relation of
30



1 those operations to Canada.

2
3 The Curtish Publishing Company is a fully
4 integrated magazine publishing company including paper
5 making, printing and distribution. The following is a
6 listing of the Company, its wholly owned subsidiaries
7 and affiliated companies with a brief description of
8 each:

9 The Curtish Publishing Company (a Pennsylvania
10 corporation) is the parent company with princi-
11 pal offices in Philadelphia, Pennsylvania.

12 Colonial Electrotpe Company (a Pennsylvania
13 corporation) -- makes electrotypes exclusively
14 for the parent company.

15 Curtis Circulation Company (a Delaware corpora-
16 tion) -- solicits subscriptions and handles
17 single copy distribution of Curtis magazines
18 and those of a large number of other publishers.

19 Curtis Distributing Company Ltd. (a Canadian
20 Dominion corporation and a wholly owned subsi-
21 diary of Curtis Circulation Company) -- handles
22 single copy distribution and subscription sales
23 in Canada for Curtis magazines and magazines
24 and books of other publishers.

25 New York & Pennsylvania Co. Inc. (a Pennsyl-
26 vania corporation) -- a paper manufacturer
27 supplying magazine paper for Curtis magazines
28 and selling a small part of its output on the
29 general market.

30 Keystone Readers' Service, Inc. (a Pennsylvania



1 corporation) -- a field selling subscription
2 agency operating only within the United States
3 and selling subscriptions to Curtis magazines
4 and those of other publishers.

5 The Moore-Cottrell Subscription Agencies Incor-
6 porated (a New York corporation) -- a catalog
7 agency selling subscriptions to Curtis magazines
8 and those of other publishers.

9 The Premium Service Co. Inc. (a Delaware corpo-
10 ration) -- engaged in the general premium
11 merchandise business.

12 National Analysts, Inc. (a Delaware corporation)
13 -- engaged in general market research for
14 Curtis and other customers.

15 At this point I might mention that our philoso-
16 phy, in explaining our business, has been that where we
17 required goods or services in large quantities we have
18 found it desirable to engage in that business and thereby
19 spread the cost of it, and we have done this in the area
20 of both the circulations and in the market research and
21 in the premium business, in which case when we began with
22 the Curtis operation, that subsidiary was dominant, and
23 today it is a minor part in each case.

24 Affiliates:

25 National Magazine Service, Inc. (a Delaware
26 corporation jointly owned by Curtis Circulation
27 Company and Select Magazines, Inc.) -- engaged
28 in "galley" distribution of magazines to dealers
29 not serviced by regular truck runs of magazine
30



1
2 wholesalers. This company handles the distri-
3 bution of the magazines and books for which
4 Curtis Circulation Company and Select Magazines,
5 Inc. are national distributors. This company
6 also is engaged in the local wholesale magazine
7 distribution business in Houston, Texas; Water-
8 loo, Iowa; and Roanoke, Virginia.

9 Bantam Books, Inc. (a New York corporation
10 jointly owned by The Curtis Publishing Company
11 and Grosset & Dunlap, Inc.) -- engaged in the
12 publishing of paperback books.

13 Wonder Books, Inc. and Treasure Books, Inc.
14 (two Delaware corporations jointly owned by
15 The Curtis Publishing Company and Grosset &
16 Dunlap, Inc.) -- engaged in the publication of
17 children's books.

18 I would like to interject here that the Bantam
19 Books distributed in Canada have their bodies printed in
20 Canada by the Ronald Press in Montreal, and the covers
21 are shipped in from the United States. In the case of
22 children's books, a lot of the colouring books are printed
23 in Canada by the University Press in Winnipeg.

24 In 1959, The Curtis Publishing Company and its
25 consolidated subsidiaries (Curtis Circulation Company,
26 Colonial Electrotpe Company, and the New York & Pennsyl-
27 vania Co., Inc.) had a gross revenue of \$243,043,688 and
28 net earnings, after taxes, of \$3,960,810. For 1960 esti-
29 mated gross revenue will approximate \$250,000,000, but
30 net earnings after taxes, will be less than \$1,500,000.



1
2 I think these figures alone will explain why
3 perhaps we will be reticent to advise our Canadian
4 friends how to publish successfully. For purposes of
5 comparison, the gross annual figure which I have used
6 here could be compared with those of other publishers.
7 Our figure given there is gross, before the deduction of
8 commission and discounts. Many other publishers I know
9 of follow this practice, so that their gross revenue after
10 these commissions and discounts, if we followed the same
11 figures, instead of being \$243,000,000 it would be
12 \$182,000,000.

13 Our magazines are:

14 THE SATURDAY EVENING POST is a general weekly
15 magazine with a total circulation of approxi-
16 mately 6,500,000 copies per week.

17 LADIES' HOME JOURNAL is a monthly magazine in
18 the women's service field with a current circu-
19 lation of approximately 6,500,000 copies per
20 month.

21 HOLIDAY is a magazine in the leisure and travel
22 field with a current circulation in excess of
23 900,000 copies per month.

24 THE AMERICAN HOME is a magazine in the shelter
25 and home making field with a current circulation
26 in excess of 3,600,000 copies per month.

27 JACK AND JILL is a monthly magazine for children
28 with a current circulation of approximately
29 800,000 copies per month. This is the only
30 Curtis magazine which does not accept adver-



tising.

Canadian circulation of Curtis magazines.

Curtis publishes no regional editions. In other words, the editorial content is identical in all copies. The editorial appeal of each magazine is designed to attract all readers in its particular field without particular regard to geographical area. Naturally, the editorial approach is that of an United States publication and except as specific articles may do so, we make no claim to represent a Canadian point of view. It is a fact that there are many common points of interest between the residents of the United States and those of Canada and, consequently, our magazines have achieved a general acceptance by the Canadian reading public. No special effort has been exerted to increase the Canadian circulation of our magazines and none is intended. Bearing in mind that the Canadian population is roughly 10% of that of the United States, the following figures for the years 1950, 1955, and 1960, showing total Canadian circulation and the percentage of total circulation which it represents for each of the magazines, demonstrate that Canadian circulation has either declined or maintained a relatively stable position in relation to total circulations (Source - ABC Statements for the first six months of each year. JACK AND JILL are publisher's own figures):

I would like to point out so far as these figures are concerned that in every case the percentage of the total circulation in 1960 was less than in 1950, and in all but one case less than in 1955.



	<u>1950</u>	<u>1955</u>	<u>1960</u>
<u>THE SATURDAY EVENING POST</u>			
Canadian circulation	179,835	263,991	228,653
Percentage of total circulation	4.42	5.45	3.67
<u>LADIES' HOME JOURNAL</u>			
Canadian circulation	284,520	283,628	249,216
Percentage of total circulation	5.95	5.70	3.87
<u>HOLIDAY</u>			
Canadian circulation	18,210	25,068	27,494
Percentage of total circulation	2.25	3.0	2.97
<u>THE AMERICAN HOME</u>			
Canadian circulation	66,746	61,159	76,367
Percentage of total circulation	2.29	2.02	2.05
<u>JACK AND JILL</u>			
Canadian circulation	20,326	33,871	30,100
Percentage of total circulation	3.30	4.72	3.58

Advertising. For the four Curtis magazines accepting advertising approximately two-thirds of total revenue is received from this source, the balance of one-third coming from circulation. Advertising rates are based upon the average net paid circulation which the publisher undertakes to deliver for the advertiser. In the case of Curtis magazines, this advertising rate base is the total circulation, including Canadian. Thus, Canadian circulation is in no sense "over run" or "over flow" circulation, but is considered an integral part of the total base used in determining advertising dollar rates. If this were not the case, we could not afford to distribute our magazines in Canada, since the net revenue



from the reader does not pay for the cost of manufacturing and delivering a copy of the magazine. The current rate bases for Curtis magazines are as follows:

THE SATURDAY EVENING POST	- 6,250,000 (6,500,000 effective with the February 11, 1961 issue)
LADIES' HOME JOURNAL	- 6,300,000 (6,500,000 effective with the February, 1961 issue)
HOLIDAY	- 900,000
THE AMERICAN HOME	- 3,600,000

As can be seen from the relatively low margin of profit, the consumer magazine publishing business in the United States is highly competitive both within the industry and with all other advertising media, particularly radio, television and the weekly or "Sunday Supplements" circulated with the Sunday editions of newspapers, as well as newspapers themselves. In addition, the substantial increases in total circulations have priced many advertisers out of the mass circulation magazine field. In this framework it became necessary in the judgment of Curtis to exert every effort to provide advertisers with the greatest possible flexibility in their magazine advertising. Examples of the steps taken toward this objective are:

"Spectaculars" -- under this heading come unusual units such as gatefolds, double gatefolds, multi-page units, advertising units on special papers, and occasionally product attachments for newsstand copies.



1
2 "Split runs" -- these are of many types de-
3 signed to fit particular advertising needs. For
4 example, in the POST an advertiser with national distri-
5 bution but a limited budget may buy either one-third
6 or two-thirds of the total edition, but through the
7 "alternate" copy procedure will be assured of national
8 distribution of his advertisement. In addition, this
9 alternate copy method may be used by a single advertiser
10 buying the entire edition to test alternative advertis-
11 ing copy. An advertiser buying the entire edition may
12 also use different copy for subscription copies and copies
13 destined for the newsstands.

14 "Geographical split runs" -- here an advertiser
15 buying the entire edition may change his copy to
16 suit his marketing problem on a geographical basis. For
17 example, a tire manufacturer may advertise snow tires
18 in the northern section of the circulation and regular
19 tires in the southern. It is this type of advertising
20 which has been the subject of criticism in a number
21 of submissions made to this Commission and therefore
22 deserves special attention.

23 It is important to bear in mind that an
24 advertiser using a Canadian split run in either THE
25 SATURDAY EVENING POST or LADIES' HOME JOURNAL (not
26 available in the HOLIDAY) -- and I would like to correct
27 my submission at that point: THE AMERICAN HOME does
28 accept split runs in Canada now. It has not had any.
29 It will run one in the January 1961 issue where the
30 split consists simply of changing the post card insert



1
2 to permit mallability in Canada -- pays the full card
3 rate for his advertisement, which, as pointed out
4 above, is based upon the total circulation of the
5 magazine. He is charged extra only for the cost of
6 making the plate change in the printing run of the full
7 edition. Thus, the advertiser would have received
8 and paid for Canadian circulation whether or not the
9 plate change were made available to him. I believe in
10 one of the earlier submissions to the Commission it
11 was pointed out that on a rate per page per thousand
12 basis the cost for making a color plate change for the
13 Canadian edition for Saturday Evening Post was \$5.85
14 per thousand. I don't quarrel with that figure. However,
15 I think it should be noted that the rate per page per
16 thousand paid for the general edition of the Post,
17 which this advertiser must pay, including Canadian
18 circulation, is \$6.81. If you add the two together it
19 costs him for his Canadian advertisement in the Post
20 \$12.66 per thousand. The ability to change the plate
21 for the Canadian portion of the circulation is an added
22 service to both the advertiser and the Canadian reader
23 since the latter is shown the product in its Canadian
24 form or with the trade name known to him. In these
25 cases Curtis makes a single charge to the advertising
26 agency placing the advertisement and has no knowledge
27 of whether or not any portion of the cost is later
28 allocated to a Canadian subsidiary's advertising budget.
29 To the best of our knowledge the availability of this
30 Canadian split run has in no instance been the deciding



1
2 factor in whether or not the advertisement would be
3 placed in the Curtis magazine. In other words, the
4 Canadian split run is in no sense a source of materially
5 additional advertising revenue for Curtis except insofar
6 as any service or convenience made available to an
7 advertiser improves the general acceptance of Curtis
8 magazines among advertisers and agencies. During the
9 year 1959, nine advertisers used fourteen Canadian
10 split run advertisements in THE SATURDAY EVENING POST.
11 In two of these cases the only change for the Canadian
12 run was in the return post card to provide for its
13 mailability in Canada. In 1959, two advertisers placed
14 three Canadian split runs in LADIES' HOME JOURNAL, of
15 which one involved only a change in the post card
16 insert.

17 The figures for 1960 show six advertisers
18 using 21 split runs in the Post, and one advertiser
19 using it once in Ladies Home Journal for a post card
20 change only.

21 One type of "split run" advertisement which
22 has been mentioned in previous hearings and about which
23 there may be some misunderstanding, at least insofar
24 as THE SATURDAY EVENING POST is concerned, is the
25 regional split run where an advertiser may select
26 any one or a number of contiguous geographical sections
27 in the United States and have his advertisement appear
28 only in the copies going to those areas. In other
29 words, he may use less than the full edition. It should
30 be pointed out that this flexibility is currently only



1
2 available in THE SATURDAY EVENING POST due to manufact-
3 uring and scheduling limitations. This flexibility
4 is designed to meet the marketing and distribution
5 problems of individual advertisers to the fullest extent
6 possible and is a part of the general effort to make
7 it as easy as possible for an advertiser to place his
8 business in a Curtis magazine. Since THE SATURDAY
9 EVENING POST publishes only a single edition under
10 United States Postal Regulations, all copies must carry
11 the same number of advertising pages. From this it will
12 be apparent that to the extent it is impossible to fit
13 other regional advertisers into the areas not purchased
14 by the first advertiser, it is necessary for the Company
15 to run a public service or "house" advertisement in the
16 balance of the edition. Because Canada represents a
17 relatively small portion of the total circulation of
18 THE SATURDAY EVENING POST, it would be obviously unsound
19 to offer to Canadian advertisers a regional split run
20 consisting only of the Canadian portion of the circula-
21 tion. Consequently, such a unit is not offered.

22 In connection with this subject of split runs
23 or regional advertising, it can be positively stated
24 that The Curtis Publishing Company has not solicited
25 advertising from Canadian advertisers except as they
26 are interested in the total circulation of Curtis
27 magazines as, for example, in the case of advertising
28 directed to the tourist trade.

29 Paper and wood pulp. New York & Pennsylvania
30 Co., Inc. through its wholly owned subsidiary, T. S.



1
2 Woolings & Co., Ltd., owns and operates 123,659 acres
3 of timberland in northern Ontario with a net book
4 value of \$1,984,000. The payroll of this subsidiary
5 for the fiscal year ended May 31, 1960, was \$568,385.
6 For the same period, its purchases of materials and
7 supplies in Canada amounted to \$134,000 and miscellaneous
8 Canadian expenses to \$190,000. For the same fiscal
9 year, amounts paid for woodcutting operations on our
10 own land and the land of others in Canada totalled
11 \$911,000. In addition to these operations of T.S.
12 Woollings & Co., Ltd., New York & Pennsylvania Co., Inc.
13 purchased Canadian sulphite pulp in the total amount
14 of \$675,000 in the calendar year 1960. Total amounts
15 paid to Canadian carriers during the fiscal year ended
16 May 31, 1960, for transportation of wood and other
17 products amounted to \$920,000.

18 Single copy sales and subscription sales.

19 As has been noted above, total circulation revenue for
20 Curtis magazines accounts for approximately one-third
21 of its total revenue and therefore efficient sales
22 operations in both the divisions of circulation sales
23 are an important factor. In both of these areas Curtis
24 has followed the practice of developing a strong sales
25 operation and spreading the cost of the operation by
26 offering its services to other publishers. In this
27 way Curtis maintains control over the quality and quantity
28 of its circulations through the various sources.

29 In Canada the only Curtis controlled subscrip-
30 tion sales operation is conducted through the Curtis



1
2 Vocational Plan of Curtis Distributing Company, Ltd.
3 Under this plan Curtis' Canadian representatives offer
4 to Canadian schools the opportunity for the students to
5 conduct each school year a subscription selling campaign
6 for a brief period -- usually not longer than one
7 week or ten days. Commissions earned on these sales
8 are retained by the school administration and used to
9 purchase various items not always available because
10 of budget limitations, such as additional athletic
11 equipment, television or sound systems, etc. In addition
12 to the Curtis magazines and other United States publica-
13 tions, the consumer magazines of Maclean-Hunter Publish-
14 ing Company Limited are sold through this plan. During
15 the calendar year 1959 Canadian schools received over
16 \$244,000 in commissions, and commissions and bonuses to
17 Canadian Vocational Plan representatives, all of
18 whom are Canadian citizens, amounted to approximately
19 \$134,000.

20 The other major source of Canadian subscriptions
21 to Curtis magazines is the Davis Circulation Agency, Ltd.,
22 a Canadian owned and operated field selling subscription
23 agency with headquarters in Oakville, Ontario. During
24 the calendar year 1959 total commissions paid to the
25 Davis Agency exceeded \$403,000.

26 Curtis is a strong believer in the value of
27 single copy sales. They provide an immediate guide
28 to reader acceptance of our magazines and their contin-
29 ued strength is a valuable sales tool for our Advertising
30 Department. In addition, and by no means the least



1
2 consideration, single copy sales produce greater net
3 revenue per copy to the Company than do subscription
4 sales. Traditionally, both in the United States and
5 Canada, distribution of magazines to newsstands and
6 other outlets for single copy sales are handled through
7 independent magazine wholesalers. Since the disappear-
8 ance of the American News Company from the wholesale
9 distribution picture, each individual wholesaler (with
10 the exception of a very few cities which support two
11 wholesalers) enjoys a monopoly for magazine distribution
12 within his territory. Consequently publishers seeking
13 single copy distribution must go to the local wholesaler
14 in each territory. All magazines and paperback books
15 distributed through independent wholesalers are sold
16 on a fully returnable basis and the cost of unsold
17 copies becomes the major element in the cost of single
18 copy sales. Ideally, one copy of each magazine should
19 be on a dealer's stand when the next issue is put on
20 sale as insurance that the maximum sales potential was
21 achieved. Obviously this is a theoretical possibility
22 only and in practice cannot be achieved. Curtis
23 deals through approximately 800 wholesalers servicing
24 approximately 100,000 retail outlets in the United
25 States and Canada. We estimate that we require from
26 200,000 to 250,000 copies of THE SATURDAY EVENING POST
27 each week as minimum returns in order to insure
28 maximum efficient sale. With the cost of returns
29 such an important factor, intelligent allotment of
30 copies to wholesalers and, in turn, by them to dealer



1
2 outlets is essential. In addition, check-ups by the
3 dealer's route men during the "on sale" period to
4 redistribute from over-stocked to under-stocked dealers
5 is also important.

6 Recognizing the value of proper single copy
7 distribution, Curtis over thirty years ago built up
8 the largest single copy field sales force in the country.
9 Today this force consists of over 500 full time field
10 employees whose responsibility is the supervision of
11 wholesalers' operations, the local promotion of
12 magazines through point of sale display material, proper
13 display on newsstands, special promotions of local
14 interest features in particular issues, etc. Again,
15 as in the case of subscription sales, Curtis offered
16 its services as a national distributor for single
17 copy sales to other publishers to enable it to spread
18 the cost of maintaining and building this field force.
19 At the present time Curtis Circulation Company acts as
20 the national distributor for some twenty periodicals
21 in addition to the five Curtis magazines. Also, it is the
22 national distributor through independent wholesalers
23 for the paperback books of Bantam Books, Inc. and
24 the books for children published by Wonder Books, Inc.
25 and Treasure Books, Inc. The following is the list of
26 non-Curtis magazines for which Curtis Circulation
27 Company acts as national distributor:

28 Air Progress

29 American Modeler

30 Atlantic Monthly (The)



- 1
- 2 Bride's Magazine
- 3 Coronet
- 4 Esquire
- 5 Field & Stream
- 6 Gentlemen's Quarterly
- 7 Glamour
- 8 Harper's
- 9 Home and Garden
- 10 Living for Young Homemakers
- 11 Look
- 12 Mademoiselle
- 13 Mobile Home Journal
- 14 Newsweek
- 15 The New Yorker
- 16 Popular Gardening
- 17 Science and Mechanics
- 18 Vogue
- 19 One of the most important assignments of the
- 20 Curtis single copy field force is to keep abreast of
- 21 population trends and shopping habits to insure the
- 22 opening of new outlets for single copy sales where
- 23 shopping traffic indicates a profitable magazine opera-
- 24 tion can be started. For example, Curtis was the
- 25 pioneer in persuading supermarket operators to open maga-
- 26 zine departments. As a result of our work in this
- 27 field, we frequently act as professional advisers for
- 28 the magazine departments of supermarket chains. It is
- 29 obvious that our success in this field stems not from
- 30 power or pressure, but from the development of sound



1
2 marketing and distribution techniques. Curtis was also
3 the pioneer in developing sound techniques for newsstand
4 displays designed to produce maximum profit for the
5 dealer. One of the basic Curtis policies is that no
6 retail outlet may be forced to accept unwanted publica-
7 tions in order to receive magazines in the Curtis Line.
8 I should perhaps correct that to say, in order to
9 receive any magazine in the Curtis line, because we
10 do not insist any dealer accept even the entire Curtis
11 line. If he wishes one or two magazines he may have
12 them.

13 In Canada our single copy distribution opera-
14 tions are carried on by Curtis Distributing Company,
15 Ltd., a wholly owned subsidiary of Curtis Circulation
16 Company. The Canadian company was incorporated as
17 a Canadian Dominion Corporation in December, 1945, and
18 is under the management of Mr. E. Lloyd VanAlstyne,
19 who, together with all of the other employees of the com-
20 pany, is a Canadian citizen and resident. Mr.
21 VanAlstyne is here should the Commission press me for
22 details of single copy distribution beyond my special
23 knowledge. In addition to distributing the publications
24 handled by Curtis Circulation Company, Curtis Distribu-
25 ting Company, Ltd. also distributes the following
26 Canadian publications:

27	FINANCIAL POST)	
28	MACLEAN'S)	All published by The
29	CANADIAN HOMES)	Maclean-Hunter Publishing
30	CHATELAINE)	Company Limited.



FAMILY JOURNAL

CHILDHOOD PUBLICATIONS

HARLEQUIN BOOKS

The latter being the only Canadian publisher of paperback books for newsstand sale. As a footnote, it may be interesting to report that the Curtis Distributing Company, Ltd. handled Canadian single copy distribution for SATURDAY NIGHT and CANADIAN HOME JOURNAL, both published by Consolidated Press, Ltd., from August, 1950, until December, 1952, when Mr. Jack Kent Cooke purchased control of that publisher and withdrew the distribution franchise from Curtis.

In terms of support to the Canadian single copy magazine and paperback book distribution industry, the following Curtis figures may be of interest:

	<u>Wholesalers'</u> <u>Commissions</u>	<u>Retailers'</u> <u>Commissions</u>
United States Magazines	\$376,200.	\$563,700.
Paperback and Children's Books (Canadian and United States Publishers)	\$407,000.	\$521,000.

The above figures are for the calendar year 1959.

The following figures are for the twelve months ending October 31, 1960, representing a full year of distribution of Maclean-Hunter publications.

Maclean-Hunter and Family Journal	\$79,500.	\$106,700.
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Thus, on an annual basis total payments by Curtis Distributing Company, Ltd. are \$862,700. to wholesalers and \$1,191,400. to retailers in Canada.

Total annual expenditures in Canada by Curtis



1
2 Distributing Company, Ltd., exclusive of commissions
3 (summarized above) are in excess of \$400,000, of which
4 the major item is approximately one-quarter million
5 dollars in direct salaries to Canadian employees.

6 With the exception of the city of Toronto,
7 all subscription copies of Curtis magazines are shipped
8 to Canada and deposited in Canadian post offices. The
9 annual payment of Canadian postage is approximately
10 \$220,000. Payments or apportionments to Canadian
11 carriers other than the post office amount to an
12 estimated \$50,000 annually.

13 CONCLUSION

14 We repeat our appreciation of the opportunity
15 to present some picture of our publishing operations
16 and hope that a portion of the information contained in
17 this submission may prove of value to the Commission.
18 We know of no panacea for the periodical publishing in-
19 dustry, either in the United States or abroad. We
20 know that Curtis magazines can never be a substitute
21 for a Canadian periodical press and would welcome
22 any reasonable measures designed to foster the healthy
23 growth of the latter.

24 It is evident from examination of previous
25 submissions to the Commission that it has before it a
26 wealth of statistical data in the field of its inquiry,
27 and consequently this submission has been limited to
28 Curtis data, without reference to comparative figures
29 within the industry or with respect to competitive
30 media. We stand ready, however, to supply to the



1
2 Commission such other material as may be pertinent to
3 its investigation and not readily available from
4 other sources.

5 Respectfully submitted.

6 THE CHAIRMAN: Thank you very much, for a
7 very splendid presentation. There are scores of
8 questions I would like to ask you, but I will turn
9 you over to Mr. Johnston for the moment who is more
10 expert at it than I.

11 COMMISSIONER JOHNSTON: Thank you, Mr. Chairman.
12 I will leave the freedom of the press to you.

13 Split runs, Mr. Gibbon: is there any way
14 that your Canadian competitor could find himself in
15 a fair competitive situation?

16 MR. GIBBON: There is a very strong assumption
17 in your question, sir. I would rather not be asked
18 when I stopped beating my wife. In other words, I
19 do not feel qualified to debate the question of whether
20 under Canadian law a split run in the Post is unfair
21 competition in the technical sense. It is competition,
22 I have no doubt.

23 COMMISSIONER JOHNSTON: The relative cost
24 to the advertiser of your 250,000 in Canada would be much
25 less than the cost of an advertisement in a Canadian
26 publication of 250,000 circulation?

27 MR. GIBBON: That would depend on the rate
28 per page per thousand, yes.

29 COMMISSIONER JOHNSTON: Assuming the same
30 rate per page per thousand?



1
2 MR. GIBBON: The cost would then be the
3 same sir.

4 COMMISSIONER JOHNSTON: I beg your pardon.
5 I don't see how a Canadian publication could compete
6 with the Saturday Evening Post in this market on a
7 circulation of 250,000?

8 MR. GIBBON: There are so many qualifications
9 I think you would wish to put in about that statement.
10 For example, do you mean 680 line page book, or 632
11 line page book, or 429 line page book, because I
12 think these are important considerations, if I may say
13 so.

14 COMMISSIONER JOHNSTON: I think Maclean's
15 Magazine and your paper are the same size.

16 MR. GIBBON: I beg your pardon, sir: Maclean's
17 at the moment is a little larger. It is not larger in
18 the technical line sense, but despite their difficulties
19 apparently they haven't cut corners as we have recently.
20 We have reduced the trim size of both the Saturday
21 Evening Post and Ladies Home Journal, which merely
22 means that the white margin is less. They still remain
23 680 line books as is Maclean's.

24
25 -

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2 However, there is an economy to us,
3 a substantial economy in reducing this because
4 essentially it seems to me that magazine publishers
5 are converters of white paper. There has been a great
6 deal of conversation about rates per page per
7 thousand but in basic economics it seems to me
8 that what is a key figure is what we get for
9 a square inch. In other words, I think if you
10 would study the various rates per page per thousand
11 for the magazines in different line sizes you will
12 find that while within the same size magazine the
13 rates in the United States are within pennies per
14 thousand that if you will compare the rate per
15 page per thousand of, say, Time and Newsweek a
16 429 line book to those of Post and Life, you will
17 find not only are they slightly higher absolutely but
18 they are infinitely higher than if you relate these
19 to the price of what they are getting for per square
20 inch of paper that they can sell to the advertiser.

21 COMMISSIONER JOHNSTON: I think I have
22 asked for information on the square inch basis
23 but I do not think you answered my question,
24 probably because I did not ask it clearly. I want
25 to know from you, if I can, what disadvantage there
26 is to the Canadian advertiser who is confined to
27 a strictly Canadian publication in comparison with
28 an international advertiser who gets the benefit
29 of a split run. Perhaps I am not clear yet?
30



1
2 MR. GIBBON: Well, I will try to answer
3 the question as I understand it. The local Canadian
4 advertiser who has distribution only in Canada is,
5 by definition, excluded from the pages of Curtis
6 Magazines. Naturally we would consider this a
7 disadvantage.

8 COMMISSIONER JOHNSTON: To him or to you?

9 MR. GIBBON: To both of us. But, his
10 competitor as a Canadian subsidiary who has national
11 distribution and wishes to buy the entire Saturday
12 Evening Post, as I said, will pay approximately
13 \$12 for his colour plate, \$12,000.00 per thousand
14 for a circulation in Canada as against something
15 such as MacLean's circulation of 4,000 and some
16 odd.

17 MR. JOHNSTON: Are you saying that a
18 Moffat stove which I believe is made only in Canada
19 and can, therefore, be advertised only in Canada is
20 at no disadvantage compared with, say, a Frigidaire
21 advertised in your papers?

22 MR. GIBBON: There is an area in which the
23 Canadian manufacturer is at a disadvantage on that.
24 If you will assume a product which is substantially
25 the same in form and in trade name of the United
26 States and throughout the world as it is in Canada,
27 a good example is Coca Cola. Coca Cola buys the
28 entire edition of the Saturday Post, it gets
29 Canadian circulation at a cost of \$4.00 in colour,
30



1
2 \$6.71 per thousand so we must consider it pays
3 \$6.71 per thousand for circulation of the Post in
4 Canada. Whether it charges it to the Canadian or
5 not I do not know but economically they are paying \$6.71
6 per thousand for 250,000 Canadian Post circulation.
7 Now, is this a disadvantage to a local bottler of
8 soft drinks in Canada who has no distribution outside
9 of Canada and, therefore, must place its advertising
10 in Mr. Chalmers publications. I would think he is
11 getting perhaps a better bargain.

12 COMMISSIONER JOHNSTON: You say MacLean's
13 rate would be lower than your \$6.71?

14 MR. GIBBON: I think I was in error there
15 because your rate is higher and Mr. Chalmers for
16 colour than ours. May I suggest, again coming back
17 to the side which does interest me, and you say you
18 are asking for a per square inch figure. I would like
19 to add this, that it would be economically impossible
20 for us to publish a magazine of 680 lines in size
21 with four colours throughout the book editorially
22 in the United States. If our magazine potential
23 circulation were anything in the order of 600,000
24 or 700,000 copies. This is just economics. We
25 could not receive enough money to get us the kind
26 of editorial material that we would need. On the
27 other hand, and this I think you will find in
28 studying circulations in relation to book size
29 also, that if the limitation of circulation is
30



1
2 recognized it is possible to publish successfully
3 and profitably in smaller book size. This is the
4 case of many limited circulation magazines to the
5 United States.

6 COMMISSIONER JOHNSTON: The thing we
7 have encountered quite often has been that advertising
8 in the United States of goods of standard brands --
9 I am not alluding to any company, that the
10 overflow circulation into Canada has, by the strictly
11 Canadian company at a disadvantage of the Canadian
12 company, has not been charged full cost of that share.
13 I think you say in your brief you collect--

14 MR. GIBBON: We have only one billing and
15 so I do not know enough about it to intelligently
16 answer that question.

17 COMMISSIONER JOHNSTON: Well now, goods that
18 are standard -- take a Plymouth car, the advertising
19 in Saturday Evening Post might persuade the Chrysler
20 Corporation not to advertise to the same extent in
21 Canada. That is the disadvantage, I think the
22 facts are clear that Canadian per capita advertising
23 is about half what the United States per capita
24 advertising is.

25 MR. GIBBON: I do not know how your
26 figures are arranged but in any such calculation
27 are you charging as Canadian advertising the
28 Post 250,000 at its rate per page per thousand because
29 this is paid to us for this circulation.
30



1
2 COMMISSIONER JOHNSTON: I am not sure,
3 frankly, just how they work it out.

4 MR. GIBBON: We think it would be an
5 important element in your calculation.

6 COMMISSIONER JOHNSTON: We have had some
7 evidence that the Canadian companies, if they are
8 charged, are charged a very minor sum on the split
9 run where the change in the copy is merely a change
10 of address, if it is XYZee Corporation and the
11 XYZed Corporation, just to charge for making that
12 change of name place. Do you recall what your charge
13 would be for that?

14 MR. GIBBON: I cannot give you the
15 details. Under the current rate card a plate change
16 for a colour plate, and this would be any change
17 because the major expense is in stopping the press,
18 is \$1350; under our new rate card effective in
19 February, it would be \$1550.

20 COMMISSIONER JOHNSTON: So that the
21 Canadian subsidiary would get a page of advertising
22 in the Saturday Evening Post for \$1550.

23 MR. GIBBON: If that is all he was
24 charged, yes sir.

25 COMMISSIONER JOHNSTON: You do not use any
26 Canadian paper in the Saturday Evening Post or
27 in the Ladies Home Journal?

28 MR. GIBBON: No sir, we do not. I cannot
29 speak specifically because we had a paper mill
30 strike last June and we bought a fair amount of



1
2 paper from other manufacturers. I do not know whether
3 we at that time purchased any Canadian paper or not
4 but as a rule, no sir. We purchase Canadian pulp
5 to make our own paper.

6 COMMISSIONER JOHNSTON: It is not your
7 policy so to do?

8 MR. GIBBON: No, sir.

9 COMMISSIONER JOHNSTON: But you do take
10 quite a lot of wood and wood pulp and sulphite
11 pulp?

12 MR. GIBBON: Yes.

13 COMMISSIONER JOHNSTON: There has been a
14 complaint in this country since 1867 that we were
15 hewers of wood and drawers of water for the United
16 States; do you buy any water from us?

17 MR. GIBBON: I think we have occasional
18 argument with you about the supply of water
19 generally.

20 COMMISSIONER JOHNSTON: I have always had
21 a great admiration for the MacLean-Hunter Publishing
22 Company being one of their graduates. Why can they
23 not run their own distribution system in this country?

24 MR. GIBBON: Why can't who?

25 COMMISSIONER JOHNSTON: Why don't they
26 use their own distribution company?

27 MR. GIBBON: Who?

28 THE CHAIRMAN: MacLean Hunter?

29 MR. GIBBON: Oh, that I would have to
30 refer to Mr. Chalmers because he is much better



1 informed than I. All I can say to that point is
2 we were very happy to have him come with us. I
3 was personally present at a solicitation we made
4 to them about 10 years ago, which was unsuccessful,
5 for their trade. Perhaps after I became less directly
6 associated with the Canadian operation in which I
7 was one of the directors, perhaps my removal from
8 the immediate scene helped.

9
10 COMMISSIONER JOHNSTON: I heard the other
11 day of someone who received a receipt for a
12 subscription to MacLean's magazine from the Curtis
13 Publishing Company which struck the person who
14 received it as rather strange. I said, "Well it is
15 a strange world, publishing". It was one of the
16 witnesses who received a receipt for \$3.00 for
17 a year's subscription to MacLean's and the receipt
18 came from the Curtis Publishing Company, a Curtis
19 subscriber's receipt.

20 MR. GIBBON: That would have been through
21 a subscription taken through the school plan in
22 Canada which I described in my major submission.

23 COMMISSIONER JOHNSTON: Have you any
24 corporate relationship between MacLean's, MacLean
25 Hunter Publishing Company and Curtis?

26 MR. GIBBON: Any corporate relationship?

27 COMMISSIONER JOHNSTON: Yes?

28 MR. GIBBON: No, sir.

29 COMMISSIONER JOHNSTON: I was wondering
30 whether they had bought you out or you had bought



1
2 them out. And now, this check up by dealer's
3 route, does that mean that you persuade or suggest
4 that the magazines that you people handle are a
5 little better sellers than the magazines that someone
6 else may have?

7 MR. GIBBON: We do not have any room for
8 suggestion. There is a constant up to date service
9 or collection of figures which gives the dealers
10 a profit on a monthly basis. There are also figures
11 that give wholesalers profit on a monthly basis on
12 various publications. It is our position that
13 wholesalers with the commissions from the Curtis
14 line of magazines are adequate to enable them to
15 perform the service we ask them to perform. If they
16 say that they are not and can prove to us that they
17 are not sufficient then we will sit down with them
18 and either adjust our commissions to them or adjust
19 the services that we ask them to perform.

20 COMMISSIONER JOHNSTON: Have you any
21 competition in this country in the distribution
22 of magazines and books?

23 MR. GIBBON: Yes, sir, we represent
24 something under 20%, I think substantially under
25 20%, around 17 or 18% of that business. Yes, we
26 do have competition.

27 COMMISSIONER JOHNSTON: I do not like
28 to ask but I would like to know who your competition
29 in the distribution of magazines are?

30 MR. GIBBON: Select Magazines Inc, Cable



1
2 News, Triangle and Fawcet. If you wish more I
3 would have to ask for some help -- McFadden.

4 COMMISSIONER JOHNSTON: What does he
5 distribute, a health magazine?

6 MR. GIBBON: He distributes his own.

7 COMMISSIONER JOHNSTON: How many of these
8 distributors are Canadian?

9 MR. GIBBON: That I do not know. I would
10 have to ask Mr. VanAlstyne

11 MR. VANALSTYNE: All wholesale distributors
12 are Canadian.

13 COMMISSIONER JOHNSTON: Your competitors
14 are in this country, are they Canadian?

15 MR. VANALSTYNE: They are all Canadian
16 representatives, yes.

17 COMMISSIONER JOHNSTON: Canadian in the
18 sense that your company is Canadian?

19 MR. VANALSTYNE: Not in the same sense.
20 They represent American publishers but they are
21 Canadians representing American publishers.

22 COMMISSIONER JOHNSTON: All of them?

23 MR. VANALSTYNE: Yes, sir.

24 COMMISSIONER JOHNSTON: I note with interest
25 you say that the Curtis Magazines can never be a
26 substitute for a Canadian periodical press.

27 THE CHAIRMAN: Just one question: You
28 say on page 10 that the total circulation revenue
29 for Curtis Magazines account for approximately 1/3
30 of its total revenue. Is that right?



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MR. GIBBON: Yes, sir.

THE CHAIRMAN: Have you any breakdown that would show us the case of the Saturday Evening Post?

MR. GIBBON: No sir, I do not have that with me. You are getting into an area where for good reason or not it is considered a rather private property. My submission here is on our overall operation.

THE CHAIRMAN: Your total operation?

MR. GIBBON: Yes.

THE CHAIRMAN: Would you volunteer for us a guess as to what it may be, the Saturday Evening Post?

MR. GIBBON: I would say it is approximately 32%.

THE CHAIRMAN: 32% of your revenue from sales and subscriptions?

MR. GIBBON: Yes, sir.

COMMISSIONER JOHNSTON: The total of the total revenue of the company is 32%?

MR. GIBBON: Yes, sir.

COMMISSIONER JOHNSTON: Of the Saturday Evening Post, of the outside revenue of the Saturday Evening Post 32 % comes from subscriptions?

MR. GIBBON: Well, remember what I am speaking of is a combination of advertising and circulation revenue. Now insofar as we make revenue from other sources, that is for any reason I cannot think of



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2 at the moment, is credited to the Post. I am
3 not talking about that, I am talking about the
4 relationship between these two sources of revenue.
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2 THE CHAIRMAN: Would you say the cost of the
3 magazine has been more of its promotion than its total
4 returns from subscriptions and sales?

5 MR. GIBBON: I would say that it was hoping to
6 build a better day, and may I say, sir, that I heartily
7 agree with the statement I heard this morning, and I
8 think many a publisher is continuing the magazine for a
9 considerable period of time, at what might seem to his
10 stockholders to be an unreasonable loss. It took us a
11 number of years to bring Holiday into the black. Again,
12 sir, the reason - and aside from competitive reasons -
13 the reason I like to stay away from individual magazine
14 costs is that we are not sure we know ourselves.

15 THE CHAIRMAN: Under special circumstances.

16 MR. GIBBON: It is a matter of the press on
17 which we print them. We have some presses that we put in
18 in the 'twenties, and on occasion we use them to print,
19 we will say, Holiday, whereas we have very modern
20 presses for the Post. Our present accounting system is
21 to charge the magazine with the press on which it is
22 printed, and no one could argue with this, but I think it
23 is difficult to allocate individual magazine profits.

24 THE CHAIRMAN: You very modestly stated at the
25 outset that perhaps you might give lessons to Canadians
26 on how to run magazines, but I note that your net sales
27 seem to be very low; it is less than 2% of your total
28 operation, is that right?

29 MR. GIBBON: Yes.

30 THE CHAIRMAN: Do you in the United States



1
2 regard that as a reasonable return, 2%?

3 MR. GIBBON: No sir.

4 THE CHAIRMAN: Would three be good?

5 MR. GIBBON: I think we would like to put it
6 to four or better, if we can persuade our competition to
7 do the same thing.

8 THE CHAIRMAN: What is the average return in
9 the publishing business in the United States?

10 MR. GIBBON: I don't have that figure, sir.
11 As I said in my conclusion I had assumed that from some
12 of the material I had seen, and I am sure that you have
13 the industry figures ---

14 COMMISSIONER JOHNSTON: But the industry
15 figures are available?

16 MR. GIBBON: Yes, they are. The Magazine
17 Publishers' Association has prepared a table quite
18 recently showing the overall figures for the consumer
19 industry in the United States, and they are available to
20 you.

21 COMMISSIONER JOHNSTON: Would you tell Mr.
22 Chalmers where he could get them? I asked him if he
23 knew, and he said that he wouldn't know.

24 MR. GIBBON: I think if you write to Mr. Robert
25 Kenyon, the manager of the Publishers' Association in
26 New York City he could tell you.

27 THE CHAIRMAN: Is the magazine or periodical
28 industry in the United States regarded as a fairly low-
29 earning industry?

30 MR. GIBBON: If you will confine that to



1
2 consumer publications ---

3 THE CHAIRMAN: I will do that, then.

4 MR. GIBBON: I would say yes. At least it is
5 considered highly speculative. There are exceptions;
6 there are ---

7 THE CHAIRMAN: Mr. Luce?

8 MR. GIBBON: Yes, although I think they some-
9 times have trouble, too, but there are very highly profi-
10 table magazine properties and there are others that show
11 a large business and a relatively low return.

12 COMMISSIONER BEAUBIEN: I have just a question,
13 sir. On page 9 at the middle of the page it is stated:

14 "Because Canada represents a relatively small
15 portion of the total circulation of the Saturday Evening
16 Post, it would be obviously unsound to offer to Canadian
17 advertisers a reasonable split run consisting only of the
18 Canadian portion of the circulation."

19 I imagine you would feel the same way about
20 printing in Canada. Have you ever considered that?

21 MR. GIBBON: We never have, because I don't
22 believe we could economically break off that small pro-
23 portion of the run and match our costs by printing here.

24 COMMISSIONER BEAUBIEN: Would you venture a
25 guess as to what portion of your production would be
26 necessary to justify a split run for Canada?

27 MR. GIBBON: I would rather not give an answer
28 on that, sir, without consulting our advertising depart-
29 ment.

30 COMMISSIONER BEAUBIEN: Thank you, sir.



1 THE CHAIRMAN: Thank you, Mr. Gibbon. I wish
2 we had more time; we are terribly rushed, but we will
3 have some chance in Ottawa in January for rebuttals, and
4 maybe we will hear more about your presentation then.
5 In the meantime, thank you very much for a very splendid
6 presentation.
7

8 SUBMISSION OF MCGRAW-HILL PUBLISHING COMPANY, INC.

9 Appearance: Mr. John L. Cady.

10 THE CHAIRMAN: Will you identify yourself for
11 the record, please?

12 MR. CADY: My name is John L. Cady. I am Tax
13 Director of the McGraw-Hill Publishing Company. I would
14 like to emphasise at this point that I am representing
15 the magazine publishing side of McGraw-Hill Company,
16 through which all of our magazine activities in Canada
17 are handled. Being a Tax Attorney, I am very much
18 interested in any deliberations of bodies such as United
19 States Congressional Committees, State Legislative Commit-
20 tees, and Canadian Royal Commissions where it is likely
21 that recommendations for tax legislation may be based upon
22 information gathered.

23 It is a real privilege for a United States
24 citizen to be able to participate in the proceedings of a
25 Canadian Royal Commission. The procedure followed by
26 this Commission in seeking out witnesses from the United
27 States and inviting them to express their views on the
28 Canadian problem under investigation, before attempting
29 to devise ways and means of solving it, is highly commen-
30 dable. We are confident that the sifting of testimony



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2 offered to this Commission and the weighing of its merits
3 will proceed in the same high plane.

4 Before getting to the point of recommending
5 Canadian tax or other remedial legislation, this Committee
6 will have to satisfy itself that the problems presented
7 justify legislative intervention. It is our opinion that
8 in the business paper field, no problem of sufficient
9 magnitude to warrant Canadian legislative action exists.
10 I use the term "business papers" in conformity with the
11 practice in the publishing industry of calling periodicals
12 directed at special segments of the business and profes-
13 sional reading public "business papers" whether they be
14 published in magazine or in newspaper form. If the
15 activities of the McGraw-Hill Publishing Company are
16 representative of the activities of other U.S. business
17 paper publishers, it can be amply demonstrated that U.S.
18 business papers do not compete "unfairly" with Canadian
19 business papers.

20 In support of our contention that McGraw-Hill
21 is not competing "unfairly" with any publisher of Canadian
22 business papers, I will outline briefly our method of
23 handling Canadian business.

24 McGraw-Hill currently publishes 29 business
25 papers which accept Canadian subscriptions - 30, if you
26 count one paper which has one Canadian subscriber. Ten
27 years ago, in 1950, McGraw-Hill also published 29 business
28 papers which accepted Canadian subscriptions. In tabula-
29 ting our net gain for the past ten years in the number of
30 business titles circulated in Canada, it can be said that



1
2 we have grown from 29 to 30, assuming that you count the
3 paper boasting one Canadian subscriber as a title circu-
4 lated in Canada.

5 McGraw-Hill currently has 55,645 subscribers in
6 Canada. While this body of Canadian subscribers might,
7 in the aggregate, have some appeal to an advertiser, it
8 must be remembered that these 55,645 subscriptions are
9 spread over 30 separate business papers. Ten of the 30
10 business papers circulated in Canada by McGraw-Hill reach
11 less than 1,000 Canadian subscribers. Twelve more reach
12 less than 2,000 Canadian subscribers. Another five reach
13 less than 3,200 Canadian subscribers. The top three in
14 the circulation standings reach the following number of
15 Canadian subscribers: BUSINESS WEEK 13,722, POWER 4,551,
16 CONSTRUCTION METHODS AND EQUIPMENT 3,457. On average,
17 the number of Canadian subscribers per McGraw-Hill busi-
18 ness paper circulated in Canada equals 1,854 and the
19 median circulation in the list of our 30 business papers
20 is 1,249. A complete list of the McGraw-Hill business
21 papers circulated in Canada with the number of Canadian
22 subscribers to each is attached as Appendix A. Figures
23 are drawn from our Audit Bureau of Circulation reports
24 for the six months period ending June 30, 1960.

25 This Commission has been told by various Cana-
26 dian publishers that the "overflow" circulation of U.S.
27 business papers, like the overflow circulation of U.S.
28 consumer magazines will one day "bury" the Canadian
29 business paper press. If these Canadian publishers have
30 been able to project current Canadian circulation of the



1
2 various U.S. business papers - including those published
3 by McGraw-Hill - into a tidal wave which will one day
4 engulf them, they must possess extraordinary powers in
5 the field of long range business forecasting. Certainly,
6 there is nothing in the records of McGraw-Hill subscrip-
7 tion sales over the past ten years or so which could
8 justify a responsible claim that disaster lies ahead for
9 the Canadian business paper industry unless it can curb
10 overflow circulation of U.S. business papers. Ten years
11 ago, in 1950, the 29 business papers circulated in Canada
12 by McGraw-Hill had a total of 28,572 Canadian subscribers.
13 While I do not have access to statistics regarding growth
14 in the circulation of Canadian business papers over the
15 last ten years, I would be very much surprised if the
16 Canadian business paper press had not equalled or exceeded
17 the 95% increase in Canadian subscribers which was achieved,
18 in the aggregate, by McGraw-Hill's various business papers
19 during the past decade.

20 The contention that a course of business conduct
21 which permitted the average number of Canadian subscribers
22 accepted by McGraw-Hill's various business papers to
23 increase from 985 to 1854 over a ten year period should be
24 labeled "unfair competition" is difficult to understand.
25 In point of fact, a McGraw-Hill business paper which has
26 only 1854 Canadian subscribers - or 2854, or 4854 - can
27 not realistically be classified as a publication "in compe-
28 tition" with a similar Canadian business paper. And there
29 are at least four reasons for this position.

30 1. There is no problem of competition for position



1
2 on the newsstands since McGraw-Hill publications are sold
3 only by subscription.

4 2. There is no problem of competition for the
5 dollars which Canadian subscribers are prepared to spend
6 on business paper subscriptions since virtually all
7 Canadian business papers are distributed without charge.
8 In this connection it is interesting to note that the
9 representatives of Canadian business papers which are
10 given away cite as "unfair" the practice followed by some
11 U.S. business papers of charging the same rate for a
12 Canadian subscription as for a U.S. subscription. McGraw-
13 Hill publishes 19 business papers which charge more for a
14 Canadian subscription than for a U.S. subscription and 11
15 business papers which charge the same for both subscrip-
16 tions. In my opinion, it would be easier to show that the
17 19 are "unfair" to their Canadian subscribers than to show
18 that the 11 are "unfair" to the Canadian business paper
19 press.

20 3. There is no problem of competition for the
21 business of advertisers who wish to reach primarily
22 Canadian subscribers through advertising in business papers
23 since the idea of buying space in a U.S. publication in
24 order to reach between 3% and 4% of its subscribers is
25 sheer folly. Conceivably, if a McGraw-Hill business
26 paper had approximately as many Canadian subscribers as
27 the total number of Canadian subscribers reached by a
28 Canadian business paper, it could compete for the adver-
29 tising dollars of those wishing to reach primarily
30 Canadian subscribers by publishing a special or split-run



1
2 edition of its business paper and selling advertising
3 which would be delivered solely to the Canadian subscri-
4 bers. At its present rate of growth, McGraw-Hill might
5 possibly reach a point some 40 or 50 years from now when
6 the number of Canadian subscribers to a given business
7 paper might justify a special or split-run edition
8 carrying advertising aimed exclusively at the Canadian
9 subscribers. Under present conditions, however, the
10 statistics speak for themselves. The prospect of attempt-
11 ing to split off and sell separately a Canadian circula-
12 tion numbering 2,000, 3,000, or 4,000 readers is completely
13 impractical from an economic point of view. McGraw-Hill
14 definitely has no plans now or in the foreseeable future
15 for selling advertising to be carried only in a special
16 or split-run Canadian edition of any of its business
17 papers.

18 4. Finally, there is no problem of competition
19 for the business of advertisers who could be expected to
20 purchase space in Canadian business papers were it not for
21 the fact that by utilizing McGraw-Hill business papers
22 which are also circulated in Canada they can reach both
23 the United States and Canadian markets simultaneously.
24 An advertiser who is interested in reaching only 2,000,
25 3,000, or 4,000 Canadian subscribers - the group which
26 he would reach by advertising in a McGraw-Hill business
27 paper - can hardly be regarded as a likely customer for a
28 Canadian business paper. Conversely, the advertiser who
29 is interested in reaching a large number of Canadian
30 subscribers is unlikely to be deterred from advertising



1
2 in Canadian business papers because his Canadian and U.S.
3 advertising may overlap when it reaches those of McGraw-
4 Hill's Canadian subscribers who also subscribe to the
5 Canadian business paper selected.

6 To date, this Commission has heard two versions
7 of the business paper story. Some Canadian publishers
8 have taken the position that U.S. business papers are
9 competing unfairly by "flooding" Canada with overflow
10 circulation. Other Canadian publishers have taken the
11 position that the Canadian business press is currently
12 strong and healthy but that steps should be taken to
13 prevent U.S. competitors from upsetting this happy state.
14 We believe the record will show beyond any doubt that
15 Canadian business papers are under no real pressure from
16 U.S. competition. The economics of business paper
17 publishing make it unlikely that any real competition from
18 U.S. business papers will be felt in Canada for years to
19 come, if ever.

20 In the meantime, what of the Canadian reader?
21 The fact of the matter is that Canadian subscribers want
22 the technical and scientific information contained in U.S.
23 business papers far more than the U.S. publishers of these
24 business papers want the subscriptions at stake. True,
25 it would cost U.S. business paper publishers a good amount
26 to replace their Canadian subscribers with U.S. subscri-
27 bers. But once the substitution had been made, life
28 would go on as before. The number of advertisers who
29 would withdraw their business because three or four
30 thousand Canadian subscribers to a given business paper



1 had been replaced by U.S. subscribers would in our
2 opinion be negligible. The Canadian subscribers, on the
3 other hand, would suffer a serious loss. Much of the
4 information they need and seek could be supplied by the
5 Canadian business press. But much of the information
6 could not be made available in this manner. To deliver
7 the research and development, marketing and other techni-
8 cal and scientific information currently drawn from the
9 four corners of the world and made available to Canadian
10 subscribers by U.S. business papers, the Canadian business
11 press would have to incur prohibitively high additional
12 editorial costs.
13

14 In view of the acknowledged contribution which
15 U.S. business papers have made and are currently making to
16 the scientific growth and development of Canada - as well
17 as to that of the United States - it is our view that the
18 clamor for legislation designed to cut off or impair the
19 free flow of information contained in these periodicals
20 should be resisted by this Commission.

21 Thank you very much for the opportunity to
22 appear before you. I hope that if you have any questions
23 regarding the views I have expressed, I shall be able to
24 answer them.
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APPENDIX A

McGraw-Hill's Canadian Subscribers

Per ABC Reports for Period Ending 6/30/60

Business Week	13,722
Power	4,551
Construction Methods & Equipment	3,457
Engineering News Record	3,159
Factory	3,000
Fleet Owner	2,824
Engineering & Mining Journal	2,447
Food Engineering	2,083
Chemical Engineering	1,934
Petroleum Week	1,617
American Machinist/Metalworking Manufacturing	1,541
Aviation Week & Space Technology	1,322
Product Engineering	1,306
Control Engineering	1,260
Electrical Construction & Maintenance	1,249
Chemical Week	1,249
Electrical World	1,172
Electronics	1,163
Electrical Merchandising Week	1,052
The American Automobile	1,003
Textile World	910
National Petroleum News	880
Purchasing Week	877
Electrical Wholesaling	450
Nucleonics	399



ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

Cady

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Page 2.

Industrial Distribution	308
Electrical West	272
Engineering & Mining Journal - Metal & Mineral Markets	226
Coal Age	211
International Management Digest	<u>1</u>
TOTAL:	55,645



1
2 COMMISSIONER JOHNSTON: I think your brief
3 is fine except where you suggest this Commission is
4 listening to any clamour for legislation to cut off
5 and impair the free flow of information. I think most
6 of the representatives of the business press conceded
7 they were doing fairly well at they present time,
8 but I suppose like all business men they are always
9 fearful next year is going to be awful even though
10 they put up a brave front. I have no questions.

11 THE CHAIRMAN: Do you know what are the net
12 earnings of McGraw-Hill from all of their operation?

13 MR. CADY: Yes, sir: the published report
14 for the company shows net earnings slightly in excess
15 of eight million on a gross of one hundred and ten.
16 That includes all operations -- publishing, books,
17 technical writing and everything.

18 THE CHAIRMAN: That would be seven per cent
19 plus something?

20 MR. CADY: For the whole operation. It would
21 be lower on some aspects of it.

22 THE CHAIRMAN: Thank you, sir, for coming.
23 If we had more time we might ask you some questions,
24 but we think we understand your point of view in your
25 brief and we assure you it will get careful consideration.
26
27
28
29
30



SUBMISSION OF
JOHN INGLIS COMPANY LIMITED

APPEARANCES:

MR. E. M. BASSINGTHWAITE, Director of Consumer
Products Division.

MR. P. J. BALDWIN, Secretary.

MR. BALDWIN: Mr. Chairman, my name is P.J.
Baldwin, secretary of the John Inglis Company, and I
have with me Mr. E. M. Bassingthwaite.

John Inglis Company Limited greatly appreciates
the invitation tendered by the Commission through its
Secretary to submit a brief in connection with the
forthcoming enquiry "on certain aspects of Canadian
periodical publishing".

Inglis is engaged, amongst other things, in
the manufacture of domestic laundry appliances and
domestic storage water heaters. These products are
marketed under the trade name Inglis. The company also
manufactures domestic appliances for Simpsons-Sears
Limited and R.C.A. Victor Company, Ltd.

Inglis celebrated its centennial year in 1959
and the name Inglis has become well established in the
minds of Canadians as representing a leading manufacturer
of capital goods, defence materials and since the second
world war of domestic appliances. Inglis has sought to
give the Canadian buyer products of advanced design with
a high Canadian content of manufacture, e.g., Inglis was
one of the earliest companies in Canada to produce an



1
2 automatic washing machine and it was the first company
3 in Canada to manufacture a glass lined water heater.

4 In the sale of its domestic appliances Inglis
5 is competing directly with manufacturers and importers
6 who are subsidiaries of American concerns or who are
7 licensed or otherwise permitted to market their products
8 under U. S. brand names. This means that with the
9 present heavy influx of American periodicals the
10 company operates under a threefold disadvantage as
11 compared with these affiliates of American concerns,
12 namely:

- 13 1. It cannot benefit from the "institutional"
14 advertising of an American parent
15 organization.
- 16 ii. It does not benefit from the product
17 advertising of any U.S. counterpart.
- 18 iii. It is handicapped in the development of
19 models and styling suited to distinctive
20 Canadian tastes.

21 With reference to the first and second of these points
22 it will be apparent that Inglis must try to offset the
23 effect of such "free overflow" advertising by additional
24 advertising at its own expense. A survey made by
25 Elliott-Haynes Limited, Market Research Consultants,
26 Toronto, for the period January 1st to December 31st,
27 1959, the results of which we understand will be made
28 available to the Commission on request, bears out
29 Inglis' contention that it does in fact spend a great
30 deal more on Canadian printed media advertising to



1
2 offset the U.S.A. "overflow" advertising enjoyed by its
3 competitors. An examination of these figures will
4 show that Inglis spends up to two and one third times
5 the amount spent in Canadian printed media by its three
6 leading U.S.-affiliated competitors for comparable
7 advertising. This extra cost must ultimately be passed
8 on to the consumer.

9 The third point is equally important. Under a
10 heavy inundation of U.S. advertising the tastes of
11 Canadian consumers acquire a predisposition for American
12 models, sales features and styling. It would be no
13 great exaggeration to term some of these so-called
14 sales features "gimmicks" - i.e., sales ideas which do
15 not add intrinsic worth to the product. From this
16 situation arises the not unknown anomaly of a manufact-
17 urer incorporating such "gimmicks" in his Canadian pro-
18 duct in order that he may receive the full benefit of
19 his U.S. principal's advertising which "overflows" into
20 Canada.

21 Inglis has no desire to restrict the
22 availability to the consumer of new developments and
23 styling in any way whatever, and if it had any such
24 motive there is sufficient competition in Canada in all
25 of these lines to thwart any such idea. Much of the
26 so-called styling in vogue today results in heavy
27 tooling costs, which must be frequently changed and
28 which result in proportionately heavier costs of
29 production when applied to the smaller Canadian volume of
30 goods produced. Sometimes such "styling" or decorative



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2 trim is designed around the American companies' trade
3 marks, and whereas the Canadian subsidiary of a U.S.
4 company may import the stampings and die castings
5 which it requires, Inglis must frequently absorb
6 the full tooling costs for its Canadian production.

7 Inglis believes that the determination of
8 the number of models in any product line and changes in
9 styling should be the outcome of Canadian manufacturing
10 effort working in free competition for the Canadian
11 consumer market. Under the natural influences of such
12 an arrangement the Canadian consumer would reap
13 considerable benefit both as to product and cost. Inglis
14 also believes that Canadian magazines could play an
15 important part and prosper accordingly in an indigenous
16 effort of this sort.

17 A senior employee of Inglis who has spent
18 a lifetime in the appliance business has said:

19 "Up to ten years ago the overflow circulation
20 of American magazines was not a sufficiently
21 strong factor in the sales of finished products
22 in Canada to seriously affect a Canadian manu-
23 facturer mainly because a great many of these
24 products were not available in Canadian stores
25 or were available only in older models. I
26 am firmly convinced that as of now, the
27 situation has changed considerably, that a
28 great deal of this merchandise is marketed
29 in Canada by American-owned subsidiaries, and
30 models and types are kept much more closely



1
2 in line with American advertising. Today,
3 "overflow" circulation of U.S. magazines can be
4 depended on to substantially assist the sales
5 of a U.S. subsidiary whether the products
6 are made in Canada or not or likewise the
7 sales of a Canadian importer".

8 For the purpose of the Commission's enquiry
9 Inglis respectfully suggests that it compile data as
10 follows:

11 CLASS 1 A list of entirely Canadian magazines and
12 periodicals with latest circulation figures.

13 CLASS 2 A list of American publications such as Time,
14 Reader's Digest, having so-called Canadian
15 editions, location or printing plants, Canadian
16 circulation figures, brief description of
17 so-called Canadian content, estimate of art
18 work and engraving costs per issue.

19 CLASS 3 A list of American magazines and periodicals
20 without so-called Canadian content showing
21 total circulation in Canada.

22 The above information should also show whether these
23 magazines are issued weekly or monthly, a close estimate
24 of the number of full pages of advertising in each
25 issue and an estimate of art work, engraving and type-
26 setting costs of advertising space only, and the claimed
27 number of readers. Further specific information should
28 be obtained on the amount of advertising of products
29 identifiable with U.S. products which is being obtained
30 through free overflow circulation in this country of



1
2 magazines either in Class 2 or Class 3.

3 Inglis submits that such information will be
4 in a large measure basic to the Commission's work and
5 that it should be compiled and distributed to all
6 interested parties. If this were done Inglis would be
7 glad to confirm or if necessary modify its views in the
8 light of actual data. If desired by the Commission
9 Inglis would be glad to be represented at any hearing
10 for the further explication of its position in this
11 important matter.

12 All of which is respectfully submitted.

13 I might say on behalf of Mr. Bassingthwaite,
14 Mr. Chairman, that from my own personal knowledge
15 he has been intimately associated with the appliance
16 business in Canada since the late 20's and is prepared
17 to answer any questions you may wish to ask.

18 THE CHAIRMAN: We would greatly like to
19 hear the representation, but if you don't mind we will
20 take it for the record and would like to assure you
21 even though we don't ask you any questions it will get
22 full attention and full consideration. Thank you
23 very much, both of you, for coming.

24 MR. BALDWIN: Thank you very much, Mr. Chairman.

25 THE CHAIRMAN: Now, gentlemen, that concludes
26 our sittings in Toronto and we wish to thank the
27 University for this splendid roof they have given us.
28 We want to thank all the people who came here with
29 submissions and assure them we will look carefully into
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all that was said to us. We want to thank the press
for excellent reports and thank our reporters for
their excellent reports, and all that remains to be
done is to wish you all a very happy Christmas.

---Adjournment.

